



ESG POLICIES & POSITIONS



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OVERVIEW

Based on its management philosophy, POSCO Malaysia Sdn Bhd (PMSB or the Company) is continuously changing and innovating together with all its stakeholders. PMSB, in addition to creating economic gains, is a leader in addressing social issues and strives to build a role model for sustainable growth. To enable our employees to internalize the management philosophy and to establish it as our organizational culture, PMSB sets out our goals as a sustainable company and our principles of practicing each area of B-S-P (Business-Society-People), and created the guide that sets out the values and guidelines pursued by each major business unit. PMSB is also advancing its sustainable management system by amending and supplementing the company rules and guidelines that reflect the ESG-related global initiatives.

PMSB ESG Policies & Positions, which is to be released this year, provides PMSB's major ESG policies and positions as a company policy. The environment section (E) sets out our net-zero commitment and the environmental management guidelines, and the social section (S) sets out the safety and health policy, human rights guidelines, and the supplier code of conduct. Lastly, the governance section (G) includes the Code of Ethics, the Anti-corruption Compliance Guidelines, and the Tax Policy. By fully disclosing its policies and positions for each area of ESG, PMSB seeks to communicate its commitment to ESG management and its principles. All PMSB employees promise to observe and comply with its ESG policies and positions and going forward, plan to continue to make improvements in line with the stakeholders' demands.

The ESG Policies & Positions in this report apply equally to all of PMSB's major business sites. PMSB communicates with all stakeholders with whom it conducts business so that they will respect and comply with its ESG policies and positions.

- PMSB respects and supports the globally accepted international human rights standards including the Universal Declaration of Human Rights (UDHR), the UN Guiding Principles on Business and Human Rights, the UN Global Compact Ten Principles, and the OECD Guidelines for Multinational Enterprises.
- To support the efforts of the global community that is inclined to achieve sustainable development based on the UNSDGs, PMSB will continue to improve its policies and positions, communicate and work harmoniously with all of its stakeholders including customers, employees, and shareholders.
- This report was prepared based on the PMSB corporate report and the PMSB ESG Policies & Positions. PMSB owns the copyright, and this report may not be duplicated, in part or in whole, or provided to a third party without its prior consent.

ENVIRONMENT

NET-ZERO COMMITMENT

PMSB's Net-Zero Commitment by 2050

Climate change, collective multilateral agreements around decarbonisation and technological advancements are driving forces behind the energy transition that is destined to move the world economy towards a lower carbon future. This is in alignment with global efforts to reduce emissions as managing the climate has become an integral part in energy transition. With the POSCO Net Zero Carbon Emissions by 2050 vision in December 2020, PMSB also are committed to addressing emissions from our operations and working towards cleaner energy targets. We continue to make significant investments to reduce our own environmental impact and work across our value chain and with partners to drive a broader energy system change.

With the POSCO goal of achieving the net-zero target by 2050 based on its hydrogen-based steelmaking, PMSB also has set a path towards 50% carbon emission reduction by 2040. To specify the vision of our net-zero commitment and to enhance our ability to execute it, PMSB follow the POSCO Fundamental Roadmap to Net-zero Commitment 2050 that includes mid to long-term comprehensive strategies covering raw materials, investments, energy, and technology development.

ENVIRONMENTAL MANAGEMENT GUIDELINE

Managing environmental impacts is one of the biggest challenges in steelmaking company. The recyclability of steel itself and its by-products however, present an amazing opportunity to advance a circular economy. We also want to minimize our environmental impact, particularly in air, land and water. We aim to meet stakeholder expectations by operating with transparency and responsibility throughout the value chain. This is essential to earning and retaining stakeholder trust.

We have established environmental guidelines that are rooted in our corporate rules and regulations, and environmental management policies. To minimize our negative impact on the environment during business and production processes, we are actively promoting environmental management and have been certified by internationally recognized environmental standards including ISO 14001 and are regularly renewing our certifications.

PMSB complies with the environmental laws and regulations applicable to the Malaysian worksites and strives to continuously improve its environmental performance by systematically monitoring environmental impacts and preventing pollution. In addition, we are minimizing the negative impact on the environment during our business and production process.

Worksite Environment Management

On its worksites, PMSB is managing its environmental goals by linking them with the key performance indicators (KPIs) of its environmental departments and officers. We have established the environmental standards for each area of environmental management, such as air, waste, and water quality, and have implemented measures such as education and training, establishment and management of guidelines, and internal auditing. In addition, we are applying eco-friendly production processes and optimal prevention technologies to minimize pollutant emissions at our worksites.

Production Operation and Maintenance

PMSB monitors and manages the environmental impacts that occur during the operation and maintenance of production facilities to make improvements. In addition, for reference at work, we have established an environmental management manual for each production process to comply with related laws and to improve the environment.

Production Development, Services, and Logistics

To achieve the net-zero target by 2050, PMSB is making avoided emission efforts by not only reducing greenhouse gas (GHG) emissions at worksites but also by extending its supply of eco-friendly products and we also strives to minimize greenhouse gases and environmental impacts that may occur during product transportation.

Selection and ESG Assessment of Suppliers

PMSB enacted the POSCO Malaysia Supplier Code of Conduct based on global ESG standards. We ensure that its suppliers comply with them. In addition, we reflect ESG factors during the annual supplier performance evaluation to proactively manage environmental risks throughout the supply chain.

Waste Management

PMSB established and applies waste management guidelines from the waste generation stage to final disposal. The guidelines include work scope, organization and responsibilities, separate collection and storage facilities for waste, and necessary measures in the event of environmental pollution.

Operation of Environmental Management System

Since acquiring the ISO14001 (the international environmental management standard) certification in 2012, PMSB receives annual suitability evaluations from a third-party institution and conducts internal inspections at least once a year under the supervision of the ISO internal

auditor team. The inspection results are reported to the Top management level and incorporated in the creation of environmental strategies and goals.

Air Pollution Emission Reduction Policy

To reduce air pollutants, we have established in-house goals that are stricter than the legal standards, and systematically manages its environmental performances.

Water Resources Policy

PMSB strives to manage water resources by optimizing water & wastewater management. As KPIs, we selected surface water consumption reduction and effluent water quality management indicators to manage our performance. Furthermore, we are monitoring the national water resources policies, anticipating regional regulatory changes, and creating response scenarios to evaluate water supply chain risks before they occur. We operate Rain water harvesting facilities to resolving water shortages in local communities and securing a stable supply of industrial water.

OUR POSITIONS ON BIODIVERSITY

PMSB understands the importance of biosphere restoration and biodiversity protection, and sets it out in its Practicing Guidelines for the Code of Ethics. Accordingly, PMSB investigates the potential outcomes that its projects may have on biodiversity of the adjacent ecosystems and takes actions to minimize adverse impacts.

New Projects

In carrying out new projects such as facility expansions, we will prevent and minimize factors and causes that threaten biodiversity and if necessary, repair and offset the damage. We will also try to mitigate biodiversity losses and conduct surveys to monitor potential impacts. We will strive to manifest our stance above not only to our worksites but also to our primary and other supply chains.

We are aware of the international conventions on biodiversity and the protection of land and we will comply with the national and local legal requirements at our worksites located in the areas where the conventions are applicable. Should our projects cause a damage, reduction, or degradation in the protected areas covered by the international conventions, we will restrict the reach of our worksites and reconsider the project. At our worksites that encompass the natural and important habitats, we will prevent and minimize net losses, change our plans, or investigate alternative areas so as not to adversely affect biodiversity.

Prior to implementing new projects, we conduct environmental impact assessments in accordance with the relevant laws and regulations, and identify and prevent factors that threaten biodiversity, including all endangered species. We ensure that our activities do not negatively impact biodiversity values such as ecosystems and critical habitats. In addition, we only proceed with our projects after consulting with the local residents and communities regarding land use.

Worksite Management

At worksites that harbor critical habitats, PMSB will strive to achieve no net loss and net positive impact in terms of biodiversity. We will conduct monitoring activities to improve the local environments. If necessary, we will collaborate with professional agencies to launch a professional investigation to measure the impacts on local biodiversity.

We identify the protected areas, regions with high biodiversity value, and endangered species in the vicinity of our business and project developments, and use this information as important sources for developing, implementing, and monitoring each project's biodiversity management plan. If a conservation area recognized under the international standards or a protected area governed by an international convention is established within, around or adjacent to one of our existing worksites, we will verify that our activities in the worksites do not adversely affect the value of such protected areas.

By-Product Recycling

PMSB actively recycles steelmaking products. For Example, PMSB is recycles most of the packing material to ensure minimizing the use of natural resource and reduce the generation of waste and we systematically support our employees' biodiversity-related volunteer activities.

Endangered Species Protection

We will consider supporting local, national, and global biodiversity conservation initiatives for the protection of endangered species, PMSB strives to protect endangered species near its worksites and to preserve the adjacent natural ecosystem. Further, we conduct environmental training sessions for our employees, and stakeholders to heighten their awareness of the need for biodiversity protection.

OUR POSITIONS ON NO DEFORESTATION

Through our environment policy, we will try to achieve "No deforestation" by :-

- a) PMSB will not build any new worksite that destroys a forest
- b) At our worksites, we will increase the recycling rate and expand investment in GHG reduction.
- c) If necessary, PMSB will team up with the professional agencies to restore forests and green space near its worksites.
- d) To minimize our negative impacts on the environment during our projects and production processes, we will promote diverse activities and endeavour to expand the scope of such activities to our supply chains and business partners.

SAFETY AND HEALTH POLICY

We aim to create a safe working environment through a strong generative safety and health (SH) culture, ensuring everyone goes home safely. Our SH policy is supported by our ESH Management System and ESH Mandatory Control Framework and is aligned with the International Organization of Standardization's (ISO) 14001:2015 and ISO 45000:2018.

It applies to operations where PMSB has operational control at all phases of work activities. To be internationally recognized as a top quality EGI Manufacturer, PMSB is committed to take proper care and continuously improve to protect the safety and health of our employees and all other parties who may be affected by our operations. The goal will be achieved by: -

- a) Commitment to comply with all relevant legal requirements
- b) Commitment to continuously improve safety and health management system and create safe & health working condition.
- c) Commitment to eliminate and reduce hazard by practicing worksite analysis, hazard identification, prevention and control, employee communications, training, and provision of appropriate facilities, tools and equipments.
- d) Commitment of total cooperative efforts and involvement from every level of the management and employee in the organization

To effectively implement our safety and health policy, we establish and implements goals and action plans, and operates an in-house review system that evaluates them regularly.

Safety and Health Guidelines

PMSB prevents disasters and improves the health and quality of life by creating a safe and pleasant workplace environment for all of its employees. To this end, we established the following basic safety and health guidelines for all PMSB actions, and operate a safety and health management system to achieve them.

- Safety takes priority over production and quality,; we strive to create an environment in which all employees can work safety and comfortably.
- In order to prevent the risk of disasters and diseases for all employees, we identify hazards and risk factors in advance and seek continuous improvement.

Operation of Safety and Health Management System (ISO45001)

PMSB has autonomously and systematically operated all safety and health control-related actions and obtained the ISO45001 certification, which is the international standard for safety and health management system. Together with the ISO45001 certification, we establish safety and health strategies and goals based on the PDCA Cycle concept, and maintain a systematic and continuous safety and health management system.

Safety and Health Education and Training

Every year, to raise awareness and to minimize risks of safety of its employees and related suppliers, we conduct legally mandatory safety and health training sessions to its employees. Furthermore, we conduct customized training sessions to foster safety and health capabilities requisite of each position and duty.

Occupational Safety Management System

Centered around 3 pillars of safety system, culture, and workforce, PMSB is strengthening a management system for occupational safety.

a) Safety Management System

- Systematically managing safety based on a system of operating an integrated safety management platform for employees and contractors.
- Operating a safety budget on an ‘execution first, settlement later’ basis to reduce hazards and risks in the early stage

b) Creating A “Safety-First” Work Culture

- Establishing a workplace safety awareness culture that prioritizes safety in all on-site works via a Safety community and safety audit measures
- Building and continuous improvement a workplace infrastructure that prioritizes safety, environment, and health

c) Promotion Top-Notch Safety Professional & Training

- Recruiting and training safety personnel from every department as one of safety team members
- Reinforcing safety education and training opportunities for all employees

Occupational Health Management System

In line with its management principle that ‘a company is only as healthy as its employees’, PMSB is promoting its key policies in the following three areas to create a pleasant workplace culture that prevents illness of its employees.

a) Creating a pleasant workplace environment

- Setting up a chemical management system based on an Legal requirement from Malaysia regulation
- Manage of Noise and hearing prevention program
- Implementing measures to prevent ergonomic problem
- Enhancing the functions of protective equipment

b) Building an early disease detection system

- Physical examinations (general / special / premium screening)
- Chemical and hearing Disease prevention and treatment (treatment at affiliated clinics)

c) Health Enhancement Measures

- Measures to improve lifecycle (no smoking/drinking, exercise, nutrition)
- Managing persons who are prone to chronic diseases, as identified by healthcare providers
- Operating mental health improvement and counseling programs

HUMAN RIGHTS GUIDELINES

PMSB recognizes the social responsibility to provide a working environment where employees are treated with respect, dignity and fairness. This commitment is built upon a framework of policies and procedures designed to ensure this objective is embedded right from the recruitment to career development and retention of employees.

PMSB is dedicated to the values and standards of business and ethical behavior that comply with all applicable laws and regulations and includes company policies, practices and procedures. PMSB respects internationally recognized Human Rights as established in the Universal Declaration on Human Rights and the International Labor Organization's (ILO) Core Conventions.

The policy outlines PMSB's responsibility to uphold and protect the human rights of individuals working in PMSB and the communities in which PMSB operates. We strive to contribute positively and ensure that human rights are understood, observed and respected as far as is reasonably practicable.

We also encourage our employees to report any actual, suspected or potential violations of all Company policies, including but not limited to this Human Rights and Labor Standard Policy. All company policies shall be reviewed on an annual basis and updated where necessary to ensure the continuous improvement of working conditions.

Application

This policy applies to all employees within PMSB. Where we do not have a controlling interest, we will encourage our stakeholders, including business partners, contractors, suppliers and joint venture partners to observe this policy.

Our Commitment on Human Rights Management

To fulfill its responsibility of observing human rights and to meet the expectations of its stakeholders, PMSB takes the following basic positions in relation to human rights management:

- a) Complies with laws in all jurisdictions where PMSB does business and observes the internationally recognized global human rights standards.
- b) Finds ways to comply with the internationally recognized human rights standards when local regulations conflict with such standards.
- c) Treats risks that may cause severe human rights violations as critical business issues.

Human Rights Fundamental Principles

The following broad principles reflect the values that PMSB upholds in our own operations, and we expect our stakeholders to follow the spirit and intent of these principles:

1. Workplace Diversity and Equal Opportunities

- a) Provide just and favorable work conditions to our employees in an undiscriminating manner, ensuring that there is no discrimination within the company.
- b) The basis for recruitment, placement, training, compensation, and advancement is based on qualifications, performance, skills and experience. No employee shall be discriminated on the above due to race, color, gender, language, religion, political or other opinion, caste, national or social origin, property, birth, union affiliation, sexual orientation, age, disability, or other distinguishing characteristics.
- c) Maintaining a workplace that is free from physical, psychological or verbal abuse, threat of abuse and sexual or other harassments.
- d) Embracing diversity and inclusivity at the workplace and appreciate contributions made by all employees.
- e) Committed creating local employment in the communities that we operate in.
- f) Zero tolerance of any form of discrimination against our employees based on race, color, gender, language, religion, political or other opinion, caste, national or social origin, property, birth, union affiliation, sexual orientation, age, disability, or other distinguishing characteristics.
- g) Any employment-related decisions, from hiring to termination and retirement, must be based solely on lawful, non-discriminatory criteria.

2. Prohibiting Child Labor

We will adhere to minimum age provisions of applicable laws and regulations, remaining consistent with the United Nations Convention on the Rights of the Child and the relevant standards under the International Labor Organization. We are committed to ensuring that no young children are employed directly by PMSB or our contractors.

3. Employee Rights

a) Safe and Healthy Workplace

- PMSB prohibits the use of all forms of forced or bonded labor, slave labor and any form of human trafficking.

- We will provide a secure, safe and healthy workplace in compliance with local workplace safety and health legislations.
- We will also maintain a productive workplace by minimizing the risk of accidents, injury and exposure to health risks.
- All employees shall receive the necessary health and safety training for their line of work.
- In accordance with our policy, employees can provide feedback to management through our channels without fear of reprisal or retaliatory action.
- PMSB does not tolerate any form forced or bonded labor, slave labor and any form of human trafficking. Workers must be allowed to move around freely and leave their place of work when their working hours end.

b) Non-Harassment

- PMSB is committed to maintaining a fair and equitable environment which is free from discrimination and / or harassment in line with its obligation under Malaysian Law. The company will not tolerate discrimination against employees, volunteers or agency clients;
- PMSB must protect workers from any acts of physical, verbal, sexual or psychological harassment, bullying, abuse or threats in the workplace by either their fellow employees or managers;
- Harassment or intimidation of a client, staff person or guest because of that person's race, color, sex, religion, gender, age, national origin, disability or marital status is specially prohibited and may be grounds for termination;
- Harassment and intimation include abusive, foul or threatening language or behavior;
- Harassment on any basis (race, color, religion, national origin, gender, age, disability, sexual orientation, marital status, social background etc.)

c) Freedom of Association and Collective Bargaining

PMSB must respect employees' rights to form, join or not join a labor union, or other organization of their choice, and to bargain collectively in support of their mutual interests without fear of punitive actions such as intimidation, harassment or termination of employment.

OUR POSITION IN HUMAN RESOURCE (HR) AND LABOR MANAGEMENT

Recruitment

- a) Recruits qualified individuals who have the knowledge and skills requisite fit with the company needs.
- b) Hiring through an open recruitment, and transparent hiring process
- c) Evaluate the applicants' competence and skills objectively and treat all applicants fairly.
- d) Interview focuses on the applicants' knowledge and expertise in the areas for which they apply, character and fitness within our organization so that we can hire qualified new talent who corresponds to our model talent.
- e) Communicating and negotiating with shortlisted candidates regarding terms of employment to achieve mutual agreement.

Appraisal Process

- a) PMSB conducts regular appraisals (twice a year – January and July) for all employees based on its fair and systematic standards.
- b) For supervisor and above, the appraisal starts with the stage of setting target and goals that shall be in line with the Company's business vision for current year with approval of Director from each Division.
- c) For Non-Executives will be based on the attitude and actual achievement during such period that in line with their roles and responsibility towards achieving the organization's vision and target.
- d) Operating an appraisal system that allows our employees to input their work performance, while we provide support so that the coaching and feedback on work is available at all times.

Compensation

- a) PMSB has a fair and objective appraisal system in place to compensate personnel based on their performance and qualification.
- b) In consideration of the internal and external factors, without any discrimination based on gender, wages may be differentiated according to the employees' individual appraisals.

- c) We also offer bonuses to outstanding employees through the Variability Management Performance System, which are based on the company management's overall success.

Our Position on Wage

- a) All employees must be provided with a written, understandable and legally binding employment contract/letter.
- b) Operate in full compliance with applicable government policies on wages, work hours, overtime and benefits laws.
- c) PMSB wages consist of base salary, benefits, and incentives, and a base salary is determined by each employee's work-related competence, position, qualification and performance.
- d) Employees' wages are thoroughly managed to ensure compliance with the provisions stipulated in the labor relations laws and regulations of the country.
- e) PMSB complies to the Minimum Wages Order 2022 gazette by the Malaysia Ministry of Human Resources
- f) Offer employees opportunities to develop their skills and capabilities and provide advancement opportunities where possible.
- g) All employees shall receive the necessary health and safety training for their line of work.
- h) In the event of major layoffs, the PMSB must, as a minimum, satisfy applicable laws and industry standards.

Our Position on Working Hours

- a) PMSB observes all laws regarding the conditions of employment, including base hours, annual paid leave, and overtime hours;
- b) Employee's normal working time should not exceed more than 45 hours per week as per Employment Act 1955.
- c) Any hours worked beyond normal working hours (max. 8 hours per day / 45 hours per week) is considered overtime.
- d) Employees must not be required to work more than 60 hours a week, including overtime, on a regular basis (or more than the limits on regular hours and overtime allowed by local laws and regulations).

- e) All overtime work is voluntary and should be performed in accordance with the standards set by the Employment Act 1955.
- f) To effectively manage worker fatigue, the working hours, shift patterns, and break hours are determined in accordance with the relevant laws and regulations.
- g) Employees must be entitled to at least one day off in seven, and must be given reasonable breaks while working and sufficient rest periods between shifts.
- h) Ensure that all employees have the right to sick leave and annual holiday, as well as parental leave for employees who have to care for a new-born or newly adopted child as provided by national legislation.

Workplace Environment

a) Improving Employee Satisfaction

PMSB conducts a Great Work Place (P-GWP) survey every year to evaluate and improve the workplace culture of its employees around the world. The P-GWP results are delivered to every department so that all of employees can contribute to making the company environment a great place to work.

Employee Benefits

a) Social Support

PMSB supports the hobbies and self-development of its employees. We offer foreign language class, badminton and also have gymnasium facilities. While enhancing their individual competences and creativity through social activities, our employees are also contributing their own talents.

b) Human Rights Grievance Handling Process

In recognition of the value of clearing up misunderstandings and grievances and to preserve a harmonious and conducive working environment, every reasonable effort shall be made to resolve such misunderstandings and grievances equitably and as quickly as possible.

Grievance will be processed according to the following procedure with the aim of reaching agreement at the lowest possible level and of maintaining continuous good relations.

For adversely affected individuals and local communities, PMSB try to promptly address and remedy any issues raised. We strictly adhere to the system of protecting those who file a grievance so that none of our employees and stakeholders will be subject to any disadvantage.

HUMAN CAPITAL DEVELOPMENT SYSTEM

PMSB operates various programs aimed at strengthening its employees' professional skill sets. These programs help each employee to grow through work, networking, and learning.

Career Development

- a) PMSB fosters its employees to improve technical expertise and actively supports employee's career development.
- b) PMSB committed to providing a variety of development opportunities to enhance employees' skills, knowledge, and abilities.
- c) Opportunities may include internal training programs, external workshops or courses, conferences, certifications, online learning platforms, on-the job training, coaching, and cross-functional projects.

Know-How Transfer Model

- a) PMSB focuses on transferring technological knowledge within personnel in the organization in line with changes in the workplace environment.
- b) Offering customized sets of training and indirectly fostering leadership skills.
- c) Based on the Know- How Transfer Plan model for each area of practice, all departments have to plan development plans within their department unit.
- d) Technical field employees are encouraged to transfer its technical skills by regularly rotating within their departments and positions as to strengthen their technical expertise by coaching and mentoring.
- e) Also, will enhance other employee's technical skills and ability for the company to respond to an emergency.

OUR POSITION ON DIVERSITY, EQUITY AND INCLUSION (DE&I)

At PMSB, we believe that diversity, equity and inclusion are essential to our culture, and strive to promote them in all of our worksites. We give all our employees an opportunity to express their opinions freely and implement an efficient and flexible organizational system by continuously identifying and resolving problems. Also, by prohibiting discrimination based on gender, nationality, race, and disability, and acknowledging and understanding the diversity and cultural gaps, we are making a workplace where everyone is respected.

Employment for People with Disabilities

- a) PMSB provides employment opportunities for people with disabilities.
- b) In addition, employee with disabilities will be given same responsibilities just as ordinary employee but with minimal job task related, to ensure employee disabilities may thrive.
- c) PMSB constantly strives to create a friendly hiring environments and workplace environments in which all people with disabilities are respected without discrimination.

Non-Harassment

- a) PMSB is committed to maintaining a fair and equitable environment which is free from discrimination and/or harassment in line with its obligation under Malaysian Law. The company will not tolerate discrimination against employees, volunteers or agency clients;
- b) PMSB must protect workers from any acts of physical, verbal, sexual or psychological harassment, bullying, abuse or threats in the workplace by either their fellow employees or managers;
- c) Harassment or intimidation of a client, staff person or guest because of that person's race, colour, sex, religion, gender, age, national origin, disability or marital status is specially prohibited and may be grounds for termination;
- d) Harassment and intimation include abusive, foul or threatening language or behaviour;
- e) Harassment on any basis (race, colour, religion, national origin, gender, age, disability, sexual orientation, marital status, social background etc.)

Workplace Diversity and Equal Opportunity

- a) We will provide just and favourable work conditions to our employees in an undiscriminating manner, ensuring that there is no discrimination within the company.
- b) The basis for recruitment, placement, training, compensation, and advancement is based on qualifications, performance, skills and experience. No employee shall be discriminated on

the above due to race, colour, gender, language, religion, political or other opinion, caste, national or social origin, property, birth, union affiliation, sexual orientation, age, disability, or other distinguishing characteristics.

- c) We will maintain a workplace that is free from physical, psychological or verbal abuse, threat of abuse and sexual or other harassments.
- d) We will embrace diversity and inclusivity at the workplace and appreciate contributions made by all employees.
- e) We are committed to creating local employment in the communities that we operate in.
- f) We do not tolerate any form of discrimination against our employees based on race, colour, gender, language, religion, political or other opinion, caste, national or social origin, property, birth, union affiliation, sexual orientation, age, disability, or other distinguishing characteristics.
- g) Any employment-related decisions, from hiring to termination and retirement, must be based solely on lawful, non-discriminatory criteria.

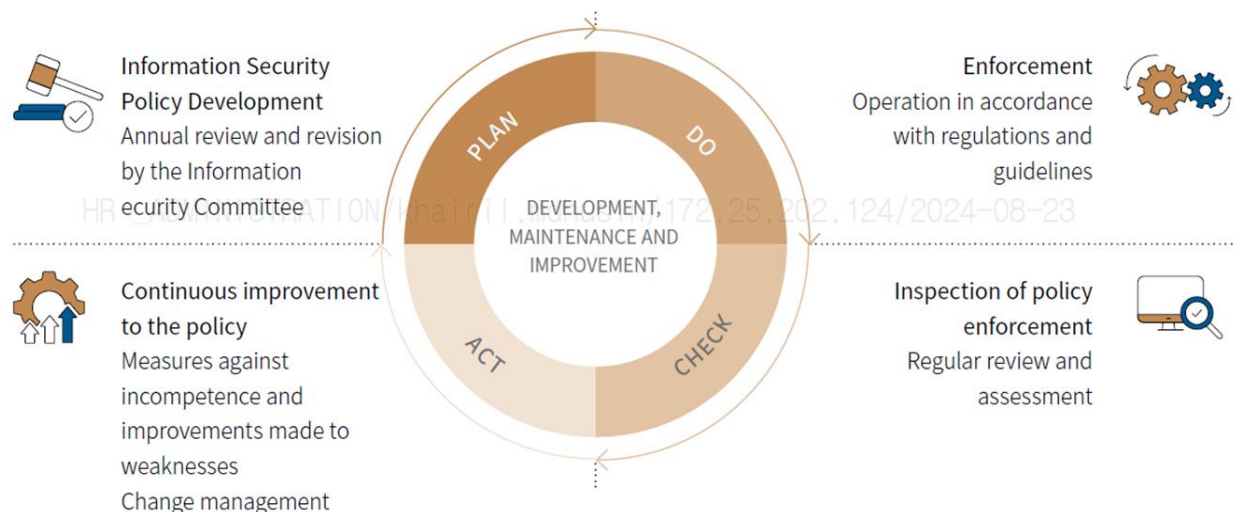
INFORMATION SECURITY POLICY

Information Security Principles

At PMSB, we are striving to secure and maintain our global competitiveness by complying with the HQ's standards for information security and relevant domestic, and to protect information assets which are the source of our competitive edge. In that regard, we are preparing fair and reasonable policies and standards for information security, and all our employees are striving to maintain the highest level of protection as they attain execution power by making information security a part of their daily life. To this end, we are operating the following five strategic directions to secure execution:

- PMSB recognizes information security as one of its management activities and establishes an information security management system to respond to changes in the business environment in a timely manner.
- PMSB employees recognize that they are the main agents for information security, and that they can improve the level of security by continuously participating in education and training sessions to nurture information security experts.
- PMSB employees make information security part of their daily routine and establish related activities as a corporate culture.
- PMSB forms a systematic information security organization and defines and applies clear roles and responsibilities.
- PMSB establishes and operates procedures to identify security vulnerabilities and to manage them

Information Security Policy Operation Cycle



PMSB's information security regulations and guidelines are based on data security principles. These are amended each year to reflect the latest laws and systems and changes in the internal and external environments. When regulations and guidelines are enacted, amended, or repealed, they are reviewed by our Information Security Officer or Information Security Committee, and reported to the top management to be approved and finalized.

All regulations and guidelines for information security are accessible to employees through the standard documentation management system. Amendments are posted on our Enterprise Portal (in-house system). The information security policy system consists of four layers: principles, regulations, guidelines, and operating procedures.

The regulations specify activities such as information security policies, organization, management of change, and responding to security breaches, together with the operation standards for each field, such as assets, personnel, and document security. In addition, information protection policies for each sector have been established as sub-guidelines of the regulations and are implemented under the supervision of IT department.

PMSB SUPPLIER CODE OF CONDUCT

PMSB operates business in line with applicable national and international laws, with integral stipulations and guidelines. PMSB expects all suppliers and their subcontractors (collectively, “Supplier”) to share these values and act accordingly.

PMSB Supplier Code of Conduct (“Code of Conduct”) sets out the details of the basic principles that Supplier must comply with in conducting various business activities, including commitments to a safe workplace environment, the treatment of workers with dignity and respect, and moral and ethical business management.

The Code of Conduct encompasses the areas of Labor, Health and Safety, Environment, Ethics, and Management System. It is based on Responsible Business Alliance Code of Conduct ver.8.0. In the event of a conflict between the Code of Conduct and local laws, the more stringent standard will apply.

Labor

Supplier shall protect and respect the human rights of all workers throughout the entire process of their business activities. This applies to all workers, including temporary workers, migrant workers, trainees, short-term contractors, and those that are directly employed. Workers must be guaranteed lawful employment and labor rights under local laws and regulations.

a) Prohibition of Forced Labor

- All work shall be performed voluntarily. Workers shall be free to leave work at any time or terminate their employment without penalty, and this shall be clearly stated in their contracts.
- Supplier shall not compel or engage their workers in forced labor (i.e., all and any involuntary labor, including slavery and human trafficking) or cause the workers to become unreasonably indebted and use this as an excuse to compel them into forced labor.
- Supplier shall not withhold any identity and immigration-related documents, such as government-issued identification, passports, or work permits, from their foreign workers, and must allow them to retain those documents themselves.
- Supplier shall provide readily accessible employment terms and conditions using an understandable language and methods to the workers when hiring and making changes to their employment agreements.

b) Prohibition of Child Labor

- Child labor is strictly prohibited. The minimum age for employment shall comply with the requirements under applicable laws and regulations at the Supplier's location or internationally recognized standards, such as those set by the International Labour Organization ("ILO"), whichever is more stringent.
- If a child worker is identified, the Supplier shall immediately terminate the employment of such child worker and improve their age verification system in the hiring process.
- Workers below the age of 18 shall not be assigned to tasks that are hazardous to their health or safety, including night shifts and overtime work.

c) Compliance with Working Hours

- Working hours shall not exceed the maximum working hours set by local law, and all overtime work must be performed voluntary with overtime pay.
- Supplier shall guarantee workers at least one paid holiday per week.

d) Wages and Benefits

- Compensation paid to workers shall comply with all applicable wage-related laws, including minimum wages, overtime hours, and legally mandated benefits.
- Workers shall be provided with an understandable wage statement for each pay period to ensure that their compensation has been paid accurately.

e) Non-Discrimination / Non-Harassment / Humane Treatment

- Supplier shall respect all workers' human rights. There must be no threat or action of harsh or inhumane treatment, including violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers; nor should there be any threat of such treatment.
- Supplier shall maintain a workplace that is free from harassment and unlawful discrimination. Supplier shall not engage in discrimination or harassment based on race, color, age, sex, gender identity, sexual orientation, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, nationality, protected genetic information, or marital status in hiring and employment practices, including wages, promotions, rewards, and access to training.
- Supplier shall establish, implement, and promote policies and procedures relating to discipline that ensure a humane treatment of their workers.
- Workers shall not be subjected to medical checkups or physical examinations that could be used in a discriminatory way, unless otherwise required by applicable laws and regulations or for workplace safety.

- When requested, Supplier shall provide reasonable accommodations for their workers' religious practices within a reasonable scope.

f) Freedom of Association and Collective Bargaining

- Supplier shall guarantee workers the right and freedom to associate, including, but not limited to, the right to freely organize and join unions, the right to collective bargaining, and the right to participate in peaceful assemblies under applicable laws and regulations, as well as the right to refrain from such activities.
- Supplier shall not use private or public security forces to unlawfully interfere with workers' rights to association and collective bargaining.
- Workers and/or their representatives shall be able to openly communicate with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.

Safety and Health

Supplier shall recognize that a safe and healthy work environment not only minimizes work-related injuries and illnesses, but also enhances the quality of products and services, the consistency of production, and worker retention and morale. Moreover, Supplier shall establish appropriate safety and health policies and provide safety and health training and education to the workers.

a) Occupational Health and Safety

- Supplier shall design, develop, and implement safe processes, technical and administrative controls, preventive maintenance, safety regulations, and safety measures. Supplier shall also conduct regular training sessions for workers who may potentially be exposed to health and safety hazards (e.g., chemical, electrical and other energy sources, fire, vehicles, and fall hazards).
- Where such hazards cannot be adequately controlled, Supplier shall provide workers with educational materials about such hazards, as well as personal protective equipment, and manage and supervise its proper wearing.
- Additionally, Supplier shall take reasonable steps to remove pregnant women or nursing mothers from highly hazardous working conditions, remove or reduce workplace health and safety risks to those women, and provide accommodations for nursing mothers at work.

b) Emergency Preparedness

- Supplier shall minimize harm to life, environment, and property by identifying and assessing potential emergencies and incidents.

- Emergency plans and response procedures shall include emergency monitoring and reporting, notification and evacuation procedures for workers, emergency evacuation drills, evacuation facilities, fire detection, fire extinguishing equipment recovery, and recovery plans.
- Emergency plans shall also include appropriate fire detection and suppression equipment, clear and unobstructed exits, contact information for an emergency response officer, and recovery plans.
- Emergency drills shall be conducted at least annually or as required by local law, whichever is more stringent.

c) Occupational Injury and Illness

- Supplier shall establish and follow the procedures and systems to prevent, manage, track, and report occupational injuries and illnesses.
- These procedures shall include regulations to encourage reporting by workers, classify and record injuries and illness cases, provide necessary medical treatment, implement corrective actions upon the occurrence of such occupational injuries and illnesses, and facilitate the return of workers to work.
- Supplier shall allow workers to remove themselves from imminent harm and not return until the situation is mitigated, without fear of retaliation.

d) Industrial Hygiene

- Supplier shall identify, evaluate, and control workers' exposure to chemical, biological, and physical factors regularly.
- When these hazards cannot be adequately controlled by such means, workers shall be provided with appropriate, well-maintained personal protective equipment free of charge, and they must use it.
- Supplier shall provide workers with safe and healthy working environments, maintained through ongoing monitoring. Additionally, Supplier shall provide protective occupational health programs, which include educational materials about the risks associated with exposure to workplace hazards.

e) Physically Demanding Work

- Supplier shall identify physically intensive labor, such as repetitive work and handling of heavy objects, and implement relevant measures, such as process improvements, to prevent musculoskeletal disorders and other related issues in workers.

f) Machine Safeguarding

- Supplier shall classify and conduct regular safety inspections for dangerous equipment.

Supplier also provide physical guards, interlocks, and barriers to workers who are at risk, and maintain these safety measures appropriately.

g) Sanitation, Food, and Housing

- Supplier shall provide workers with clean toilet facilities, clean water, sanitary food preparation and storage, and dining facilities.
- Workers' dormitories provided by Supplier are kept clean and safe, and equipped with lighting, appropriate emergency exits, Heating, Ventilation and Air Conditioning (HVAC) system, individual lockers, and appropriate personal space of a reasonable standard.

h) Health and Safety Communication

- Supplier shall provide relevant health and safety information and training about all identified workplace hazards to which workers are exposed, including but not limited to mechanical, electrical, chemical, fire, and physical hazards, in a language that workers can understand.
- If applicable, health and safety information and training shall include content on specific risks to relevant demographics, such as gender and age.
- Moreover, Supplier shall encourage workers to raise any health and safety concerns at any time.

Environment

Supplier shall comply with applicable laws and regulations on environmental protection and recognize that environmental protection is one of their basic responsibilities as an enterprise. Supplier shall identify environmental impacts and minimize adverse impacts on the community, environment, and natural resources in their business activities and manufacturing operations.

a) Environmental Permits and Reporting

- Supplier shall obtain, maintain, and manage all required environment permits, and registrations necessary for business operation. Supplier shall also reflect the latest legal amendments and comply with the reporting obligations.

b) Pollution Prevention and Resource Conservation

- Supplier shall endeavor to minimize or eliminate pollutant emissions and waste discharge by adding pollution control equipment, modifying production, maintenance, and facility process, or by any other applicable means.
- The use of natural resources, including water, fossil fuels, minerals, virgin forest

products, land, soil, wetlands, and forests must be conserved, and forced evictions must be prohibited to protect the human rights and property rights of indigenous peoples.

c) Hazardous Substances

- Supplier shall identify and separately manage all chemicals that may potentially be hazardous to humans or environment, in compliance with relevant applicable laws and regulations, specifications and international standards, including the Minamata Convention, the Stockholm Convention, and the Basel Convention.
- Hazardous chemicals shall be labeled and managed to ensure their safe handling, transport, storage, use, recycling or reuse, and disposal. Supplier shall also track and document hazardous waste data regularly.

d) Solid Waste

- Supplier shall identify, manage, and reduce non-hazardous solid waste and dispose of it in accordance with relevant laws and regulations, while committing to reduce the amount generated. Additionally, Supplier shall track and document solid waste data regularly.

e) Air Emissions

- Supplier shall identify the characteristics of volatile organic chemicals, aerosols, corrosive gases, particulates, ozone-depleting substances, and combustion byproducts in the process, and dispose of them after treatment in accordance with relevant laws and regulations. Supplier shall also constantly monitor the emission status of the air pollutants.
- Supplier shall check the performance and operation of their air emissions monitoring system regularly.

f) Materials Restrictions

- Supplier shall adhere to all applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.

g) Water Management

- Supplier shall monitor their usage and discharge of water resources, seek methods for preserving water resources, and control contamination channels.
- All waste water shall be characterized, monitored, and treated as required by the regulations before discharge or disposal. Supplier shall monitor the performance of their wastewater treatment and containment system regularly.

h) Energy Consumption and GHG Emissions

- Supplier is encouraged to establish and report Greenhouse Gas (GHG) reduction targets. Supplier shall commit to use its reasonable efforts to track, document, and report energy consumption and GHG emissions (Scope 1, 2, and 3). Additionally, Supplier shall look for methods to improve energy efficiency and minimize their energy consumption and GHG emissions.

Ethics and Fair Trade

Supplier shall comply with the following ethical standards to ensure sustainable growth and uphold their social responsibilities.

a) Business Integrity

- Supplier must maintain the highest standards of integrity in all business interactions. Supplier shall implement a zero-tolerance policy to prohibit all forms of bribery, corruption, extortion, and embezzlement.

b) No Improper Advantage

- Supplier shall not promise, offer, authorize, give, or accept bribes or other means of obtaining an unfair or improper advantage.
- This prohibition covers promising, offering, authorizing, giving or accepting any of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage.
- Additionally, continuous inspection and monitoring shall be conducted to ensure compliance with anti- corruption laws.

c) Disclosure of Information

- All transactions of Supplier must be transparent and accurately recorded and maintained in their books of account.
- Information regarding Supplier's labor, health and safety, environmental practices, business activities, governance, financial status, and performance shall be disclosed in accordance with applicable laws, regulations, and prevailing industry practices. Falsification of records or misrepresentation shall not permit.

d) Protection of Intellectual Property

- Supplier shall respect intellectual property rights and protect relevant rights when transferring technology and/or know-how. Supplier shall also safeguard their customers' and suppliers' information.

e) Fair Trade, Advertising, and Competition

- Supplier shall adhere to standards for fair trade, advertising, and competition, and must avoid engaging in unfair trade practices that undermine the principals of fair trade.

f) Protection of Identity and Non-Retaliation

- Supplier shall maintain programs that protect the anonymity of internal whistleblowers, except where prohibited by applicable laws and regulations. Supplier shall also notify their workers of the relevant procedures and enable them to raise concerns without any fear of retaliation.

g) Responsible Sourcing of Minerals

- Supplier shall endeavor to procure minerals sourced from Conflict-Affected and High-Risk Areas in a manner consistent with the Organization for Economic Co-Operation and Development (OECD) guidelines.
- Responsible Minerals such as cobalt, tantalum, tin, tungsten, and gold shall not be a source of finance for any conflict. Such minerals shall be mined in a manner that respects human rights and the environment and fulfils social responsibilities.

h) Privacy / Data Protection

- Supplier shall endeavor to protect the personal information of all stakeholders (including suppliers, customers, consumers, and workers) in their business.
- Supplier shall comply with applicable privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

Management System

Supplier shall adopt or establish a management system with a scope that is related to the content of this Code of Conduct. The management system shall be designed to ensure compliance with applicable laws, regulations, and customer requirements, conform to the Code of Conduct, and identify and mitigate operational risks related to this Code of Conduct. Supplier shall also facilitate continual improvement.

a) Company Commitment

- Supplier shall establish human rights, health and safety, environmental and ethics policy statements endorsed by executive management. These policy statements shall be published and distributed to workers in a language that they can understand via

accessible channels.

- Supplier shall establish or implement a due diligence process with appropriate measures and integrate the process to their management policy.

b) Management Accountability and Responsibility

- Supplier shall identify senior executives and company representatives responsible for ensuring the implementation of the management systems and associated programs. Management shall review the status of the management system regularly.

c) Legal and Customer Requirements

- Supplier shall have a process to identify, monitor, and understand applicable laws, regulations, and customer requirements, including the requirements of the Code of Conduct.

d) Risk Assessment and Management

- Supplier shall have a process to identify legal compliance, environmental, health and safety, labor, ethical, and human right risks associated with their business operations.
- Supplier shall determine the relative significance of each risk, control the identified risk, and check regulatory compliance regularly.

e) Improvement Objectives

- Supplier shall prepare written performance objectives, targets, and implementation plans to improve their social, environmental, health and safety performance, and conduct periodic assessments of their performance in achieving these objectives.

f) Training

- Supplier shall establish training programs for workers to implement their policies, procedures, and improvement objectives, and to comply with applicable legal and regulatory requirements.

g) Communication

- Supplier shall establish a procedure for communicating clear and accurate information regarding their policies, practices, expectations, and performance to workers, suppliers, and customers.

h) Worker / Stakeholder Engagement and Access to Remedy

- Supplier shall establish processes for communication with workers, their representatives, other stakeholders, and communities in relation to Supplier's business activities and operations.
- Supplier shall establish a process, including an effective grievance mechanism, to obtain feedback from workers, their representatives, other stakeholders and communities.
- Supplier shall provide an environment in which workers can provide grievances and feedback without fear of reprisal or retaliation.

i) Audits and Assessments

- Supplier shall conduct periodic self-evaluations to ensure conformity with legal and regulatory requirements, the content of the Code of Conduct, and social and environmental responsibilities.

j) Corrective Action Process

- Supplier shall establish a procedure in place for a timely correction of deficiencies identified by internal or external assessments, inspections, investigations, and reviews.

k) Documentation and Records

- Supplier shall create, keep a record of, and maintain documents to ensure regulatory compliance and conformity with their own requirements along with appropriate confidentiality to protect privacy.

l) Supply Chain Participation and Responsibility

- Supplier shall establish a process of communicating the requirements of the Code of Conduct to their suppliers and monitor their compliance with the Code of Conduct

Shared Growth and Social Contribution

Suppliers should actively participate in developing the local community as well as creating a sound corporate ecosystem through shared growth and social contribution.

a) Shared growth

- Suppliers should make best efforts to implement fair trade and proliferate shared growth to their own secondary and tertiary suppliers by actively participating to create and build a sound corporate ecosystem.

b) Social contribution

- Suppliers should actively carry out social contribution activities to continuously create jobs and develop local communities and the economy.

Quality Management

Suppliers should strive to create the best supply chain by providing the highest quality products and services to POSCO-Malaysia.

a) Quality Control

- Suppliers endeavor to supply products of self-proven quality so that POSCO-Malaysia can produce and supply world-class products.

b) Change management

- Suppliers shall notify POSCO-Malaysia in advance and prevent defects if there are factors that may affect the quality due to changes in equipment, materials, and work methods.

c) Mutual quality control between suppliers

- Suppliers should provide technical and quality support to their suppliers, to contribute to securing the quality of their products and services.

OUR POSITION ON STAKEHOLDER ENGAGEMENT FRAMEWORK

PMSB pays attention to the opinions of our various stakeholders, and we reflect their feedback in our business operations through our Stakeholder Engagement Framework. In running our business or when promoting new projects in particular, PMSB considers the economic and physical impacts on local communities. This is reflected in the Practicing Guidelines for the Code of Ethics, Policy on Responsible Minerals, and Investment Guidelines. The following items are carefully considered during the project development and community consultation phases.

Stakeholder Engagement Framework

Identification of Community and Stakeholders

PMSB defines and categorizes stakeholders according to their general functions, scale, importance, and the degree of influence they receive from business activities. This includes employees, customers, partners and suppliers, local communities, and shareholders and investors. PMSB also identifies local communities and stakeholders that may be affected economically, environmentally, and socially before starting any business in the region.

Establishment of Stakeholder Engagement Plan

We operate communication channels tailored to the characteristics of each stakeholder.

- a) Shareholders and investors: Company briefings (once every quarter of the year), public notices, investor meetings (face-to-face meetings), non-executive director IR, regular consultations on credit rating
- b) Customers: Customer satisfaction surveys, Early Vendor Involvement (EVI) forums
- c) Partners and suppliers: Information exchange meetings with suppliers, invitation-based meetings for selected suppliers, networking meetings with partners
- d) Local Communities: Local briefings and discussions, local social activity projects, exchanges with civic groups (NGOs), environmental improvement council.
- e) Employees: Labour unions and labour-management council,

Analysis of the Impact on Community and Provision of Information

In the process of operating worksites and implementing new projects, PMSB takes an in-depth look at its physical and economic impacts on local communities. While ensuring its compliance with relevant laws and regulations throughout the project area, PMSB supervises its environmental and social impacts, including assessing the environmental influences of our projects. The contents thereof are reflected in the Code of Ethics Practice Guidelines, Policy on

Responsible Minerals, and Investment Guidelines. We also hold discussions with the local community about the effects our projects can have through public hearings.

Project Execution

PMSB carries out projects with the aim of preserving local cultural heritage and minimizing economic, environmental, and social impacts. If a business or a project is deemed as having an adverse effect or is likely to have an adverse impact, PMSB reviews and monitors measures to minimize them. To this end, we consult with the local community through community engagement and feedback mechanisms.

Collection and Analysis of Opinions from The Community

PMSB collects and analyses community opinions from the early stages of project development. PMSB supplies transparent and specific information during the process and provides opportunities for those related to the issues at hand in addition to the local community and major stakeholders to communicate their impressions and thoughts. Furthermore, we strive to provide comprehensive information on how to manage and respond to issues and to provide appropriate timing for participation to help local communities in making decisions.

Grievance Handling Mechanism

PMSB operates a mechanism for handling grievances from a local community, such as preservation of cultural heritage, and a process for collecting opinions. Grievances of the local community can be filed through various channels, including POSCO's website (Love Letter / Centre for Reporting Unethical Behaviour), telephone, fax, mail, and e-mail. If the grounds for the grievance are confirmed, the relevant departments will take appropriate actions after conducting a monitoring and a due diligence.

PMSB rigorously protects complainants, and strictly prohibits disclosure of the complainants' identity and any acts of searching for and retaliating against the reporting person. In addition, we ensure that complainants are not subject to any ill treatment, including in employment relationships. After processing the complaint according to the procedure, the results are notified directly in person or in writing.

Release of Information and Incorporation in the Decision-Making Process

The current status of community development and communication progress with local communities are disclosed internally and externally through corporate reports, websites, press releases, and local briefing sessions, thereby enhancing the trust and credibility of stakeholders.

Human Rights Protection and Job Policy in the Local Community

In our business activities and relationships, PMSB's controls its management activities and business relations so that human rights such as the environment, safety and health, and freedom of residence of local residents are not violated. PMSB also collects opinions in accordance with relevant laws and regulations, and respects the autonomy and traditional values of local communities.

In addition, by creating and maintaining stable jobs and diligently paying taxes in compliance with the Code of Ethics, PMSB fulfils its responsibilities and obligations in the local community. PMSB is providing stable jobs in Pulau Indah, Selangor where our major worksites are located, and operates employment and start-up support programs for the youth. With the goal of protecting and respecting human rights, we provide equal employment opportunities for anyone who possesses job qualifications and competence.

POLICY ON RESPONSIBLE MINERALS

PMSB is procuring its main raw materials from POSCO, Korea. As a global company, POSCO is committed to actively participating in efforts to purchase minerals responsibly and fulfill its social responsibilities to protect human rights, by establishing a responsible supply chain to solve social problems such as human rights violations, environment destruction, and inflow of funds from conflict groups in Africa, Asia, and the Middle East.

To ensure the management of Responsible Minerals, POSCO has established a systematic policy and applies its standard operating procedures based on the OECD Due Diligence Guidance.

POSCO uses the Conflict Minerals Reporting Template (CMRT) and the Cobalt Reporting Template (CRT) forms provided by the RMI Association, and the POSCO Know Your Company (KYC) and Supplier Questionnaire Survey that it independently developed to identify and mitigate the risks in the supply chains for tin, tungsten, tantalum, gold and cobalt.

Target Suppliers

When signing a contract or registering as a new supplier, POSCO recommend the supplier to conduct a due diligence by a third-party organization under the Responsible Minerals Assurance Program (RMAP) for smelting plants in the supply chain. As a result of these efforts by POSCO's management and employees, POSCO's smelting plants are 100% certified by the RMI for minerals of origin in the Conflict Affected and High Risk Areas (CAHRAs). In addition to tin and tungsten, the scope of Conflict Minerals (3TG) has been extended to include cobalt since 2020, due to cases of human rights abuses, such as child labor, during mining.

Risk Management of High-risk Suppliers

POSCO selected 211 regions in 24 nations as CAHRAs to manage its supply chain and strengthen the regulations so that the raw materials can only be purchased from RMAP-certified smelting plants. Notably, information collection and risk assessments are executed from the supplier registration stage to identify high-risk suppliers (i.e., Red Flag) and manage risks. For high-risk suppliers, the purchaser must detect latent risks and improve them through a due diligence conducted directly by the purchaser or by an independent third-party agency. In addition, by developing and providing educational contents for Responsible Minerals for internal and external stakeholders, the POSCO Policy on Responsible Minerals is continually expanding throughout the supply chain, thereby making it easier to implement.

Suppliers shall make good efforts to gather and identify the mining/smelting plant information, origin, location, and ethical risks in the supply chain, and shall agree to and act according to our Policy on Responsible Minerals when signing a contract with POSCO. Suppliers should prepare and submit a report on the use of Conflict Minerals and Responsible Minerals at POSCO's request in a timely manner and participate in disseminating the Policy on Responsible Minerals to the high-rank suppliers so that all of our supply chains can take a lead in resolving social issues.

POSCO has created a system in which it can manage the activities of its suppliers at least once a year in conjunction with the SRM system. If POSCO does not receive sufficient information necessary to implement the Policy on Responsible Minerals, or a risk was detected in the supplier's supply chain but appropriate action was not taken, POSCO will support the suppliers to make improvements by strengthening their capacities (including assisting with training and due diligence). POSCO may consider suspending transactions with suppliers that intentionally provide factually inconsistent information or do not show efforts to make improvements.

GOVERNANCE

CORPORATE GOVERNANCE CHARTER

General Provisions

PMSB's business goal is to enhance the long-term value of its shareholders. This is carried out by all of its employees including the senior management level. The BOD decides the Company's key management policy, identifies and supervises management efforts of the officers to promote the values held among the shareholders.

To promote shareholder values and protect stakeholder rights, PMSB will communicate and to ensure checks and balances between the BOD (including an outside director) and the management.

PMSB will promptly and accurately disclose the key provisions related to the management and the financial statements to its shareholders and stakeholders, and review the accuracy of financial information through an independent expert audit agency.

Shareholder

(i) Shareholder Rights

- a) Shareholders, as the owners of PMSB have the following rights which are guaranteed by the relevant laws and regulations, such as the Commercial Code:
 - the right to participate in profit sharing
 - the right to attend and vote at the General Meeting of Shareholders (GMS)
 - the right to propose objectives of the GMS, such as nomination of candidates for directors
 - the right to obtain relevant corporate information in a timely and easily accessible manner
- b) To fully protect the rights of shareholders, any matters causing fundamental changes to the existence of the Company and the shareholders' rights (including, but not limited to, mergers, amendments to the articles of incorporation, capital reduction) shall be decided at the GMS.
- c) Shareholders should be able to exercise their voting rights as easily as possible and based on their free will. PMSB will provide sufficient information on the GMS agenda and allow the shareholders' voting rights to be exercised in writing.

(ii) Shareholder Responsibilities

- a) Shareholders shall make every effort to exercise their voting rights proactively for the development of the Company, acknowledging the fact that exercising such rights can affect the management of the Company.

Board of Directors (BOD)

(i) Functions of the BOD

- a) The BOD shall have a comprehensive authority over the management of the Company within the scope provided by the relevant laws and regulations, and shall make key managerial decisions and supervise the management activities in the best interests of the Company and its shareholders.
- b) The BOD shall perform the following functions:
- Setting of business goals and core business strategies
 - Determining the appointment and/or dismissal, supervision, assessment, and compensation policy of the management
 - Periodic monitoring of the management's accomplishments
 - Approving significant investment projects, large-scale borrowing of funds, annual business plans and budgets.
 - Overseeing other matters prescribed by laws and regulations, articles of association, and operating regulations of the BOD

(ii) BOD Composition and Appointment of Directors

- a) The Company shall have two or more directors and a limited number of non-executive directors.
- b) The chairperson of the BOD shall be the CEO and/or representative director.
- c) By resolution of the BOD, the Company shall appoint the CEO and representative directors among the executive directors. The positions of president, vice president, senior managing director, or managing director may be granted to a director by the resolution of the BOD upon the recommendation of the CEO.

(iii) Qualifications of Directors

- a) Directors shall possess an exemplary sense of ethics, a sense of professionalism and honesty, and the ability to enhance the long-term value of all shareholders and represent the interests of all stakeholders in a balanced manner.
- b) Executive directors, as high-level managers of the Company, shall have abundant experience and expertise relating to the Company's business, and shall be capable of making managerial decisions in a rational and entrepreneurial manner.

- c) Non-executive directors shall have abundant expertise or experience in a relevant field of industry, finance, academia, law, accounting, or public sector, shall have no material relationship with the Company and shall be able to make decisions independently from the management of the Company and selected shareholders.

(iv) Roles of Non-executive Directors

- a) Through the BOD activities, non-executive directors shall participate in the Company's key decision making process. As members of the BOD, non-executive directors shall supervise and support the management through constructive advice.
- b) A non-executive director may request the provision of information necessary to perform their duties. If necessary, the non-executive director may receive consultation from third party experts through proper procedures, for which PMSB will cover any reasonable expenses.
- c) Non-executive directors shall devote sufficient time for purposes of performing their duties and shall review all related materials before attending a BOD meeting.

(v) Responsibilities of Directors

- a) Directors shall do their utmost to perform their duties of care and duties of loyalty for the best interests of the Company and its shareholders. Directors shall not leak or use any information obtained in the course of performing these duties for their own benefit or the benefit of any third parties.
- b) Directors, as members of the Company, shall abide by PMSB's Code of Ethics. The BOD shall oversee compliance with the code of conduct set forth in the Code of Ethics.
- c) If a director violates the law or the articles of incorporation, or neglects his/her duties, he/she is liable for damages to the Company. In case there is any malice or gross negligence, he/she is also liable for damages to a third party. However, managerial decisions of a director that are based on good faith procedures and rational and reasonable judgement shall be respected.
- d) In order to secure the effectiveness of holding directors accountable and to recruit competent personnel as directors, the Company may subscribe to liability insurance on behalf of directors.
- e) A director must resign if a conflict of interest between PMSB and the director is not resolved. The director shall not engage in any discussions or decision-making processes that may affect his/her personal or professional interests.

(vi) Operation of the BOD

- a) In order to make the best managerial decisions for the best interests of PMSB and its shareholders, the BOD should operate in an efficient and rational manner.
- b) In principle, BOD meetings should be held regularly during the year. If there is an urgent agenda to be addressed, an interim meeting of the BOD will be held. For a sound operation of the BOD, the operating regulations for the BOD which stipulate in detail the BOD's authority, responsibilities, and operating procedures should be enacted and implemented.

(vii) Assessment and Compensation of the Management

- a) The BOD should design and implement the assessment and compensation system for the management that can contribute to the increase in the shareholders' long-term values. The management activities of the management should be evaluated fairly, and the results should be rationally and appropriately linked to their compensation and reappointment.

Audit Systems

(i) Outside Auditors

Outside auditors shall perform fair audits independently from the Company, its management and certain shareholders.

CODE OF ETHICS

Principles of Ethics

Training and Counselling on Ethics

- a) Provide training and counselling on ethics for relevant employees.
- b) Cause the relevant employees to understand the importance of compliance with the Code of Ethics and practice of ethical conduct.

Mutual Obligation to Observe the Code of Ethics

- a) Employees of the Company shall abide by the Code of Ethics to maintain impartial transaction order in all transactions with the other party and shall - when the contract is concluded or when starting transactions -provide the Code of Ethics to the other party so that they can fully be aware of it and collect a certificate of understanding the fact from the other party.
- b) The other party shall fully familiarize itself with the Code of Ethics received from the Company pursuant to the foregoing paragraph and shall comply with the Company's request for certification of the foregoing paragraph.
- c) Both parties shall understand the intention of mutual ethical management and provide active cooperation to each other in observing the mutual Code of Ethics.

Duty of Compliance with the Code of Ethics

- a) Comply with relevant laws and regulations worldwide wherever PMSB conducts business;
- b) Strive to maintain their dignity as PMSB employees and the Company's reputation;
- c) Preserve honesty, fairness and trust in performing all work-related duties and business relations;
- d) Not engage in activities in which there are conflicts of interest between the company and the individuals;
- e) Respect individual dignity and diversity of employees and stakeholders without unreasonable discrimination based on race, nationality, sex, disability, religion, etc.;
- f) PMSB will strive to create a safe, healthy, and clean workplace and protect the environment for all people, including its employee;

- g) PMSB employees make best efforts to establish an ethical culture by taking responsibility for all people, including its employees;
- h) PMSB employees make best efforts to establish an ethical culture by taking responsibility for and practicing ethical conducts;
- i) PMSB employees and stakeholders keep an open communication channel that enables them to consult and report violations of ethical standards and other concerns, and check the ethics-related status quo at all times by operating an advisory system with third party experts.

Roles and Responsibilities of Employees

Employees understand and practice all aspects of the Code of Ethics and comply with domestic and international anti-corruption laws as members of a global company.

- a) Understanding and Complying with the Code of Ethics
 - Fully understand and diligently comply with all aspects of the Code of Ethics.
 - In the event of potential conflicts concerning the Code of Ethics, decisions are made after consulting with the head of the department.
 - In the event of committing an unethical conduct, take responsibility correspondingly.
- b) Reporting and Consulting on Unethical Conduct
 - Upon discovery of our or others' actions conflicting with the Code of Ethics, immediately report to and consult with the head of the department.
 - Be aware of the various methods available for reporting or consulting about cases in which there are conflicts over the Code of Ethics.

Roles and Responsibilities of a Leader

The leader should perform a pivotal role in enhancing the competitiveness of the Company by preventing and eradicating unethical conduct through ethical compliance.

- a) Decision-making
 - Obligated to make ethics the top priority whenever the Company's interests' conflict with its ethical responsibility.
- b) Managerial accountability
 - Be liable for any and all unethical conduct, and take supervisory accountability where there is unethical conduct by his/her subordinates.

c) Business performance

- Strictly abide by laws and company regulations; not pursue personal interests; make best efforts to create corporate values for the Company; and not deal with any corrupt stakeholders

d) Elimination of favours and solicitations

- Eliminate all forms of solicitations and not engage in solicitation activities for the benefit of the Company or the suppliers.

e) Respect for individuals

- Make best efforts to eliminate conduct that impairs respect for the individuals within the organization, such as sexual harassment and verbal abuse.

f) Preventing Conflicts of Interest

- Prevent conflicts of interest with any private stakeholder who is employed by counterparty, and make best efforts to eradicate unfair business practices of providing preferential treatment for personal interests.

g) Practical activities

- Strive to fulfil responsibilities necessary for raising the level of ethical practice to the world's highest by fulfilling the above roles and responsibilities.

The leader must prevent unethical conducts by the employees and take the following measures where such conduct occurs.

Preventative Measures Against Unethical Conduct

- a) In the event of habitual occurrence of an unethical conduct, isolate the cause, improve the process, and take fundamental preventive measures.
- b) Report to or consult with the Human Resource Department immediately after receiving a report that an employee has violated the Code of Ethics.

Penalties for Violation of the Code of Ethics

Employees who violate the Code of Ethics may be subject to certain penalties, including dismissal according to the related regulations. Notably, a zero-tolerance policy is applied to unethical conducts, such as accepting bribes, embezzlement, fabrication of information, and violation of sexual ethics.

Conducts Subject to Punishment

- a) Violating the Code of Ethics or demands that others do so
- b) Failing to immediately report a violation of the Code of Ethics that he/she is aware of or concerned about
- c) Failing to cooperate with the investigation of the Human Resource Department regarding the matters that may potentially be in violation of the Code of Ethics
- d) Taking a retaliatory action against other employees who report an ethical management issue

Code of Ethics Practice Guidelines

Organizational Culture of Human Respect

We respect each employee as an individual. We do not engage in acts that may defame an employee or undermine human dignity such as verbal or physical abuse, bullying, and intimidation.

We do not discriminate against individuals for any reason including ethnicity, nationality, gender, age, academic background, religion, regional background, disability, marital status, or sexual identity.

Employee's Work-life Balance

We strive to pursue a personal growth of our employees and career development by maintaining work and life balance, and to create a happy workplace by establishing a corporate culture of mutual respect.

Pursuit of Work-Life Balance

Try to improve the quality of life of employees by providing benefits that are helpful for maintaining a stable life.

Provision of Education and Career Growth Opportunities

- Organize a work environment and systems where creativity can be enhanced.
- Support employees' education and participation in development programs so that they can fully develop their abilities and qualities and become qualified individuals with the best capabilities.

Fair Assessment and Compensation

We will conduct an impartial and systematic assessment for employees based on their individual competency and performance and provide appropriate compensation therefore.

Social And Environmental Responsibility

- We actively participate in voluntary work, disaster relief, and other activities to serve the community to build community trust in our company by providing support to improve the quality of life of local residents and strengthen the joys of life.
- We do our best to preserve the environment by participating in green philanthropy activities and adopting the best available technologies to prevent environmental pollution.

ANTI-CORRUPTION COMPLIANCE GUIDELINES

Objectives

PMSB seeks to observe the highest legal and ethical standards in conducting business in all areas around the world. The objective of these Anti-corruption Compliance Guidelines is to ensure that global anti-corruption laws and standards are being complied with by not only PMSB employees, but also POSCO Group companies, agents, and counterparties.

Obligation to Prevent the Provision of Bribes to Government Officials

- a) The employees of both parties shall observe all domestic and foreign anti-bribery and anti-corruption laws and regulations including Improper Solicitation and Graft Act, the UN Convention against Corruption, FCPA (Foreign Corrupt Practices Act), and anti-bribery laws covering government officials.
- b) The other party shall understand the ethical management intention of the Company and provide cooperation in observing anti-bribery regulations.

Special Clause on Anti-Corruption Compliance Guidelines

Purpose

This clause seeks to specify ethical matters in all transactions or contracts between PMSB (hereinafter referred to as "the Company") and the trading partner (hereinafter referred to as "the other party") so that sound and impartial transaction order is observed and ethical corporate culture is established and to ensure that both parties (hereinafter collectively referred to as "both parties" and individually referred to as "the Party concerned") observe ethical matters.

Scope

This clause applies to all transactions or contracts between both parties unless there are explicit agreements not to apply the clause between both parties.

Type of Violations and Sanctions Imposed in Case of Violations

- a) The other party shall not engage in any of the following acts, which run counter to the ethical practice for Company executives and employees in relation to transactions or contracts:
 - Acts of providing money or goods excluding normal souvenirs and/or gifts;
 - Acts of providing entertainment or treat such as meals, drinks, or recreation exceeding normal levels;

- Acts of providing benefits such as transportation, lodging, sightseeing, or sponsoring events exceeding normal levels;
 - Acts of providing & receiving congratulatory and condolence money;
 - Acts of receiving sponsorship for events funded by the company;
 - Acts of dealing with money or real estate that might hinder impartial business handling such as monetary loans, provision of guarantees for loans, and sale or lease of real estate;
 - Acts of violating the anti-bribery law and regulations specified in Paragraph 1, Article 3;
 - Illegal acts of inducing loss of tangible and intangible assets of the Company or acts of forcing or encouraging executives and employees to commit violations;
 - Acts equivalent to those specified in Subparagraphs 1~ 8 and which might hinder the Company's executives and employees from doing fair business
- b) "Normal level" as specified in Subparagraphs 1 ~ 3 of Paragraph 1 means common, appropriate levels that can be tolerated when judging based on sound, ordinary common degree at which the beneficiary can impartially do business without feeling any burden.
- c) If the other party is involved in any of the unethical acts prescribed in Paragraph 1, the Company may impose the following sanctions according to the extent of such acts:
- (i) Limiting transactions and participation in bidding;
 - (ii) Limiting the quantity and scale of transactions
 - (iii) Cancelling and terminating the relevant business contracts
 - (iv) Cancelling and terminating similar business contracts
 - (v) Cancelling and terminating all business contracts
- d) "Similar business contracts "as specified in Subparagraph 4, Paragraph 3 mean business contracts wherein the contract parties and types (material purchases, equipment purchases, construction work, outsourcing, transportation and unloading, raw material purchases and sale) are the same as the business contracts having relations with the acts stipulated in each subparagraph of Paragraph 1 and the transactions or contracts wherein the Company's contracting department is the same.
- e) The Company shall, except in an unavoidable situation, grant the other party an opportunity to express its opinions or make statements prior to taking the actions stipulated in Paragraph 3.

Exemptions

- a) Persons who voluntarily report unethical behaviours shall be exempted from liability and/or compensated pursuant to the "Guidelines for compensation for the reporting of unethical behaviour and exemptions."
- b) If, after exemptions are granted, the reasons for exemptions are found to be untrue, the exemptions and/or compensation may be cancelled, and additional sanctions shall be imposed.

Interim Measures

This Clause shall enter into force from the time the other party signs and/or seals it in relation to contracts or transactions that have been concluded or started and are currently being enforced

Reporting Obligations and Confidentiality

Employees who recognize the fact that he/she or someone else has violated the Code of Ethics or these Guidelines shall actively protect the Company and employees from unethical practices by reporting to or consulting the head of the department or the Human Resource Department as quickly and conveniently as possible. However, violations of human respect shall be reported to the Human Resource Department without delay.

Department heads shall report to and consult the Human Resource Department immediately upon being informed of a violation of the Code of Ethics by a staff member, and shall not downplay or conceal the incident.

The Human Resource Department may conduct a fact check of the reported incident if necessary, and the employees concerned shall actively cooperate.

Employees shall not take adverse action against, or disclose the identity of, an informant or whistle-blower

Reporting of Violations and Protection of Informants

Employees who become aware of a violation of the Code of Ethics or these Practice Guidelines shall actively protect the Company and employees from the violation by reporting it to the head of the organization or department or the Human Resource Department.

Employees shall not be disadvantaged in any way for legitimate reporting.

TAX POLICY

PMSB diligently reports taxes and fulfills payment obligations in accordance not only with domestic laws and regulations but also with those of each country in which we do business. PMSB diligently fulfills its obligations as a taxpayer, such as by submitting data stipulated by relevant laws to the tax authorities of each country based on our value of transparency.

In carrying out transactions with special-interest parties, PMSB's principle is to abide by the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and the laws of each country.

PMSB complies with the laws and regulations of each country in which it does business, diligently fulfills its tax obligations, and does not enter into transactions or contracts to transfer income between countries for the purpose of exploiting the differences in tax laws or loopholes in the international tax systems.

All employees in charge of tax affairs at PMSB will comply with all tax regulations of the relevant countries in accordance with PMSB's tax policy and conduct business while maintaining a relationship that values transparency with local tax authorities.

Tax risks that occur throughout PMSB's global businesses are reviewed and assessed for compliance with domestic and international regulations. Some examples of tax risks include investment in new businesses, strengthening competitiveness in existing businesses, corporate restructuring.

In reviewing such risks, decisions are made based on advice from outside tax experts and tax authorities.