posco
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공급망 ESG 관리 지침
(Supply Chain ESG Management Policy)

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Managed by	**Win-Win Cooperation Section**		
Reviewed by	**Head of Plant, Equipment and Materials Procurement Group**		
Approved by	**CEO (Chairman of BOD)**		

Chapter 1: General Provisions

Article 1 [Purpose)
POSCO FUTURE M's "Supply Chain ESG Management Policy" aims to build a sustainable supply chain by establishing a trusted ESG management system based on mutual trust with suppliers.

Article 2 (Target)
POSCO FUTURE M's "Supply Chain ESG Management Policy" targets all suppliers of raw materials, equipment, and materials, in-house partners, labor suppliers, and agents that have direct transaction relationships related to the supply of goods, manpower, and other services. However, indirect transaction suppliers that may create potential or actual ESG risks in POSCO FUTURE M's supply chain are also recommended to comply with these guidelines.

Article 3 (Scope)
POSCO FUTURE M's "Supply Chain ESG Management Policy" includes activities to identify, evaluate, improve, and monitor potential or actual ESG risks throughout the supply chain in relation to direct transaction activities with domestic and foreign suppliers.

Article 4 (Basic Principles)
① POSCO FUTURE M makes a principle of doing business with suppliers who comply with POSCO Future M's Supplier Code of Conduct and Special Terms of Ethics.
②POSCO FUTURE M strives to prevent and mitigate ESG risks during transactions with suppliers.
③POSCO FUTURE M inspects and improves supply chain ESG risks according to the supply chain ESG risk management process.
④POSCO FUTURE M strives to improve supply chain ESG capabilities through cooperation with suppliers.

Chapter 2 Implementation Plan

Article 5 (Inspection of compliance with supplier code of conduct)
①POSCO FUTURE M's Supplier Code of Conduct stipulates ESG-related matters that suppliers must basically comply with to ensure the sustainability of the supply chain.
②POSCO FUTURE M's supplier code of conduct consists of seven areas: labor and human rights, safety and health, environment, ethics and fair trade, management system, shared growth and social contribution, and quality management.
③ When registering a new supplier, POSCO FUTURE M checks whether the supplier agrees to the POSCO FUTURE M Supplier Code of Conduct.
④POSCO FUTURE M conducts supply chain ESG due diligence on its trading suppliers to confirm whether they agree to the POSCO FUTURE M Supplier Code of Conduct.

Article 6 (Inspection of compliance with special ethics terms and conditions)

① POSCO FUTURE M's Special Terms and Conditions of Ethics stipulate the ethics-related matters that suppliers must basically comply with in order to establish a fair trade order and ethical trade practices.
②POSCO FUTURE M's special ethics terms and conditions prohibit unethical acts such as improper solicitation, giving of money or bribes, and specify sanctions measures in case of unethical acts.
③POSCO FUTURE M checks compliance with the special terms and conditions of ethics when concluding a purchase contract.
④POSCO FUTURE M conducts supply chain ESG due diligence on its suppliers to check whether they agree to the special ethics terms and conditions.

Article 7 (Purchase contract ESG risk inspection)

POSCO FUTURE M conducts activities to register new suppliers, perform performance evaluations on contract performance, follow-up management, and regularly check and improve risks. Purchase contract management from an ESG perspective consists of a total of four steps.

①Supplier registration
1. POSCO FUTURE M's principle is to provide regular application opportunities to all suppliers wishing to register, and if necessary, evaluation may be conducted after a certain period of time after receiving the registration application, taking into account market conditions and business requirements.
2. POSCO FUTURE M conducts supplier evaluations according to the new supplier evaluation procedure, and restricts new supplier registration for suppliers with ESG risks.

②Performance evaluation
1. POSCO FUTURE M conducts supplier performance evaluations at least once a year for its trading suppliers.
2. POSCO FUTURE M's supplier performance evaluation is conducted according to internal evaluation procedures and comprehensively evaluates the financial capabilities (credit rating, price, delivery, and quality) and non-financial capabilities (environment, safety, labor, human rights, etc.) of the supplier.
3. POSCO FUTURE M implements supplier differentiation measures according to the results of supplier performance evaluation.

③Follow-up management
1. POSCO FUTURE M selects PHP (POSCO FUTURE M Honored Partner, Excellent, and Good rated suppliers) according to the results of the performance evaluation and restricts participation in bidding by inferior suppliers.
2. POSCO FUTURE M inspects the risks of suppliers within the sourcing group according to the results of the performance evaluation and checks the status of contract performance, including quality.

④Continuous risk inspection
In order to manage ESG risks such as unethical practices, safety accidents, and human rights violations, POSCO FUTURE M constantly monitors the contract performance status of suppliers with which purchase contracts have been concluded and manages supply risks.

Article 8 (Supply Chain ESG Risk Management Process)

POSCO FUTURE M conducts supply chain ESG due diligence to check and improve ESG risks in the supply chain.

①Target and cycle
1. POSCO FUTURE M’s supply chain due diligence is conducted once a year on direct trading suppliers. However, considering the degree of influence, due diligence can also be conducted on indirect transaction suppliers.

②Due diligence

1. POSCO FUTURE M conducts supply chain ESG due diligence according to the process below.
2. POSCO FUTURE M's supply chain ESG due diligence is conducted in two stages: written due diligence and on-site due diligence.
3. POSCO FUTURE M's supply chain ESG due diligence is conducted using the POSCO Future M type checklist.
4. For suppliers that are confirmed to have high ESG risks as a result of the written due diligence, on-site due diligence can be conducted first or in parallel, and the on-site due diligence is conducted in collaboration with external experts.
[Supply Chain ESG Due Diligence Process]
Establishment of plan (establishment of standards, due diligence cycle, target review) → Written due diligence (Supplier's own ESG inspection) → On-site due diligence (collaboration with third-party agency) → Improvement and monitoring (agreement and promotion of improvement) → Grievance handling (using internal channel) → Information disclosure (publication of supply chain ESG report)

③Improvement/Monitoring
1. POSCO FUTURE M carries out ESG risk improvement activities according to the results of supply chain ESG due diligence.
2. POSCO FUTURE M carries out improvement activities for identified ESG risks in accordance with internal standards.
3. POSCO FUTURE M requests improvement plans from suppliers for actual or potential ESG risks identified as a result of supply chain ESG due diligence and monitors the improvement results. However, if ESG risks persist despite ESG risk improvement activities, the business relationship with the supplier may be discontinued.

④ Supply chain grievance handling
1. POSCO FUTURE M collects various grievances in the supply chain related to ESG (environment, society, human rights) through various communication channels such as the website and email. Processed according to internal procedures.
2. POSCO FUTURE M improves related channels and systems and provides periodic guidance to the supply chain to expand communication with the supply chain and resolve grievances.

⑤ Information disclosure
1. POSCO FUTURE M communicates transparently and responsibly to internal and external stakeholders regarding the results of its supply chain ESG due diligence.

Article 9 (Improvement of supply chain ESG capabilities)
①POSCO FUTURE M cooperates with suppliers to improve the ESG capabilities of the supply chain.
②POSCO FUTURE M supports improving the ESG capabilities of the supply chain by providing ESG education and eco-friendly consulting.
③POSCO FUTURE M promotes technological cooperation with suppliers to develop eco-friendly technologies, introduce eco-friendly processes etc.
④POSCO FUTURE M strengthens the eco-friendly competitiveness of its supply chain by expanding the purchase of eco-friendly products.
④POSCO FUTURE M induces the spread of ESG in the supply chain by establishing a responsible mineral management system.

Supplementary Provisions (Management and Operation of Supply Chain ESG Management Policy)
①This policy is a management guideline for the purpose, target, scope, basic principles, and implementation plan of ESG management in POSCO FUTURE M's supply chain, and the win-win cooperation section under the Purchase Contract Office performs all management tasks and operations of this policy.
②If necessary, the win-win cooperation section revises these policy with the approval of the department head.
③On-site inspections of transaction suppliers shall, in principle, be conducted by the contracting department in charge, applying the standards of the ESG Management Policy and incorporating ESG evaluation indicators.

The contracting department in charge may request cooperation from relevant operational departments when necessary, and the operational departments shall actively comply with such requests.

④The win-win cooperation section shall establish and revise the comprehensive standards for supply chain ESG management, and, upon request from the contracting department in charge, provide supplier codes of conduct, ESG evaluation indicators, and other necessary materials to facilitate smooth inspections.

⑤Enacted on September 25, 2023 / Revised on October 27, 2025