

**Posco Assan - Reply to Business & Human Rights Resource Center**

Freedom of association, the principle of equality and the prohibition of discrimination are guaranteed in Turkish laws and the constitution. Who wishes can become a member of any union, check status of the membership or leave from the membership at any time as free of charge through the e-government system under the control of the Ministry.

All these transactions can be done online with the password given to the person by the government. Union membership is private information and is not known to the employer. It is both technically and legally impossible for employers to have a positive or negative impact on this process.

The legal regulation on employment security in Turkey entered into force on March 15, 2003. With this regulation added to the Labor Law, which already contains rules in favor of the worker, the employer who dismisses the worker has to prove the reason for this with documents. Since the law was enacted, most of the lawsuits filed within the scope of employment security are concluded against to the employers.

As a result of the lawsuits filed by the workers who were dismissed due to indiscipline, a decision was made to reemploy the workers and to pay compensation to the workers if they were not hired. As there is an elective right of employer according to law; Posco Assan TST chose to pay all of the compensations included in the court decision when the court decisions became final.

The guarantee of freedom of union is regulated in article 25th of the Law on Trade Unions and Collective Bargaining No. 6356. According to the article, "Recruitment of workers; it cannot be made conditional on joining or not joining a certain union, continuing or resign from a certain union, or being or not being a member of any union.

The employer cannot make any distinction between workers who are members of an union and workers who are not members of an union or workers who are members of different unions in terms of working conditions or termination of employment. The provisions of the collective bargaining agreement are reserved for wages, bonuses, premiums and social assistance related to money.

Workers cannot be dismissed or subjected to different treatment because they are members of an union or not, participate in the activities of workers' organizations or engage in union activities outside of working hours or during working hours with the employer's permission. Posco Assan TST acts in harmony with these regulations. There are no criminal cases or administrative proceedings made against Posco Assan TST on violation of union rights.

Finally Posco Assan appeal the decision of Court of Cassation by giving the petition of "correction of decision" and therefore legal process is still pending. As a result, while there are still ongoing judicial proceedings, it would be appropriate to first wait for their results. Making explanations due to press and media about the legal process may be considered as a violation of Turkish law.

# [Appendix] Labor union and POSCO's policy on labor

1. [2020 Corporate Citizenship Report] Stakeholder Group and Communication Channels:  
[https://www.posco.co.kr/docs/eng6/jsp/dn/irinfo/posco\\_report\\_2020.pdf#page=31](https://www.posco.co.kr/docs/eng6/jsp/dn/irinfo/posco_report_2020.pdf#page=31)

2. [2020 Corporate Citizenship Report] Benefitting Labor Relations:  
[https://www.posco.co.kr/docs/eng6/jsp/dn/irinfo/posco\\_report\\_2020.pdf#page=76](https://www.posco.co.kr/docs/eng6/jsp/dn/irinfo/posco_report_2020.pdf#page=76)

Stakeholder Group	Communication Channels
Shareholders/ Investors	<ul style="list-style-type: none"><li>Investor relations (IR) sessions (quarterly)</li><li>Disclosures</li><li>Face-to-face meetings with investors</li><li>Outside director IR events</li><li>Regular consultations on credit ratings</li></ul>
Customers	<ul style="list-style-type: none"><li>Customer Relationship Management (CRM) system</li><li>Customer satisfaction surveys</li><li>Early Vendor Involvement (EVI) forums</li></ul>
Partners/ Suppliers	<ul style="list-style-type: none"><li>Information-exchange seminars with suppliers</li><li>Meetings with POSCO Honored Partners (PHPs)</li><li>Information exchange conference with partners</li></ul>
Local Community	<ul style="list-style-type: none"><li>Local presentations and discussions</li><li>Exchanges with NGOs</li><li>Environmental Improvement Council</li><li>Corporate Citizenship Love Letters</li></ul>
Executives and Employees	<ul style="list-style-type: none"><li>Labor unions/Labor-Management Council</li><li>Young Board</li><li>Employee satisfaction surveys (P-GWP: POSCO Great Work Place)</li><li>POSCO Today (POSCO internal webpage)</li><li>Operational meetings</li></ul>

## Benefitting Labor Relations

Since our inception, POSCO approaches labor relations with the philosophy that management and labor are "partners building a better future." Currently, there are two labor unions active at POSCO with the POSCO Labor Union having the status of a bargaining representative union. In 2020, the POSCO Labor Union was able to sympathize with the difficult management conditions caused by COVID-19 and began wage-bargaining with the company. The vote for and against the wage agreement, including the wage freeze, had a very high approval rating of 93.44%.

\*Unionization rate: 40.8% (as of December 2020)

At POSCO, both labor and management are dedicated to having stable relations and participating in corporate citizenship programs, as it maintains our corporate culture of trust and harmony. The POSCO Labor Union practices Union Social Responsibility (USR) and recently launched a talent donation group for landscaping volunteer work in 2020.

In addition to the labor union, POSCO operates a Labor-Management Council under the Worker Participation and Cooperation Promotion Act. The council, a strong believer in the corporate citizenship philosophy, is a volunteer group that aids in replacing woodwork and debris netting.

3. [POSCO Website] Basic Policy on Human Rights Management  
<https://www.posco.co.kr/homepage/docs/eng6/jsp/esg/approach/s91a1000063c.jsp>

### ③ Freedom of Association and Guarantee of Right for Collective Bargaining

- POSCO observes the Constitution, which forms the basis of its human rights management policy, and the labor relations law. It is committed to upholding and protecting the rights to which the employees are entitled.