

POSCO INTERNATIONAL

Business & Human Rights Resource Centre

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Please find attached written response to reports from Justice for Myanmar and The Guardian.

Attachement – Written responses

POSCO International has engaged in the Shwe Project for over two decades since 2000 irrespective of regime change. We have followed the OECD Guidelines for Multinational Enterprises to ensure the reliable operation of the Shwe Project, improving our positive impact from economic, social, and environmental aspects while minimizing negative impact. The Shwe Project which covers from the offshore platform, where gas is produced, to the onshore gas terminal is operated by the consortium. This means that this project is executed without incorporated special purpose vehicle. Under this scheme, each consortium participant has its own title to the product automatically allocated on a pro rata basis in the project from the very moment of the production pursuant to the Production Sharing Contract (PSC). This project is different from the incorporated business structure under which the largest shareholder usually influences the distribution of profits. Under the unincorporated business structure, POSCO International is not a distributor of the proceeds from the sales of gas to any of the consortium partners. We would like to make it clear once again that POSCO International is not in the position to give the right answers to any matters concerning the gas project proceeds that go towards other consortium partners.

Shwe Project Structure

	Up-stream	Offshore Mid-stream	Onshore Mid-stream	Onshore Pipeline in China
Project Scope	Shwe offshore platform	Offshore pipeline(110km)	Onshore pipeline(793km) (onshore terminal-Chinese border)	Onshore pipeline(1,726km) (Ruili-Guigang)
Type of Project	Consortium		JV(South-East Asia Gas Pipeline)	Solely operated by CNPC
Project Shareholders	POSCO International 51%(Operator) OVL (India) 17% MOGE (Myanmar) 15% GAIL (India) 8.5% KOGAS (South Korea) 8.5%		CNPC-SEAP 50.9% POSCO International 25.04% OVL 8.35% MOGE 7.37% GAIL 4.17% KOGAS 4.17%	CNPC Group 100%

Our greatest concern in advancing human rights management to protect and respect human rights is any further damage that might be done to people in Myanmar due to power shortages, who are already suffering immensely amid the on-going emergency. The Shwe Project serves as a main gas source for the central-northern region of Myanmar and any issue with its operations may bring real and tangible disruptions to the daily life of people in the country. Moreover, if we voluntarily withdraw from the project or fail to comply with the contract, our stake in the project will be forfeited. This will not suspend the flow of funds going to the current

military government. Rather, this will bring even greater benefits to the government. This is why we believe that we need to ensure the reliable operation of the project since this is the best possible approach to protecting people and local communities in Myanmar from harm.

As a globally integrated corporation, POSCO International established operations across the globe, including in Myanmar. We also strive to comply with international human rights norms and country-specific labor regulations. In accordance with the OECD Due Diligence Guidance, we developed and are operating our own human rights management process to take stock of our internal human rights management and improve on vulnerable areas. In 2019 before COVID-19 broke out, our HQ personnel and external consultants visited the Shwe Project site to review its environmental, safety and human rights operations. This showed that there was an organizational culture that respects diversity, with employees from different nationalities – Australia, India, and the UK as well as Korea and Myanmar – working together. This also showed that the project was managed in consideration of its unique conditions, including its HSE management policy tailor-made to offshore platform operations. Building on these achievements, we strengthened our paper-based due diligence checklist by adapting its questions and survey methodology to better reflect the conditions of on-site employees. Due to the global pandemic, we were not able to conduct paper-based due diligence on employees working for the Shwe Project between 2020 and 2021; however, we resumed it on December 2022. The results of due diligence and tasks defined to manage identified human rights issues will be transparently released on 2022 Sustainability Report scheduled to be published on September 2023.

We feel regrettable that our business, which has long been conducted in full compliance with global standards, is evaluated differently due to the regime change in Myanmar. We will continue to make sure that our employees stay safe and their human rights are protected across our operations.