

# POSCO E&C

## Sustainable Financing Framework



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# 1. Introduction<sup>1</sup>

## 1.1 Business Overview

POSCO E&C, since its foundation in 1994, has demonstrated remarkable growth as Korea’s most prominent integrated construction company with global competitiveness, based on plant engineering technology, know-how and talented human resources accumulated from experience accrued in building the world-renowned top-tier integrated steelworks of POSCO. POSCO E&C is a majority-owned subsidiary of POSCO Group, a multinational steel-making company headquartered in Pohang, South Korea.

With its top-tier level of steel plant technology as its groundwork, POSCO E&C is showing distinguished performances in energy and environmental plants. The company is also gaining global recognition for its competence in implementing projects in social overhead capital (SOC) including light rail system and harbor as well as in all other areas of construction including new urban development and skyscrapers. POSCO E&C now leads the new paradigm of construction industry with its focus on ‘Smart Construction’ utilizing virtual construction, big data, IoT, and artificial intelligence.

POSCO E&C is engaging in plant, energy, civil and environment, and architecture projects in 16 countries throughout Asia, the Middle East, South America, and Europe<sup>2</sup>.

PLANT ENGINEERING & CONSTRUCTION	ENERGY ENGINEERING & CONSTRUCTION	INFRA	BUILDING WORKS
Steel Plants Industrial Plants	Powder Generation Chemical Engineering Renewables	Roads / Bridges Harbor/Land Development Environment	Urban Development Construction

## 1.2 Sustainability Strategy and Vision

POSCO E&C believes in creating social values through the practice of socially and environmentally responsible corporate activities, which is as important as business performance. The company therefore intends to fulfill its role as a corporate citizen by contributing to the community and solving social issues such as education and environment.

### (1) Eco-Friendly Construction through R&D and Environmental Management

In accordance with the group-level ‘POSCO Group Environmental Management Policy’, POSCO E&C recognizes environment as a core factor of business strategy and set environmental management visions<sup>3</sup> to perform.

<sup>1</sup> Sources: POSCO E&C Website; POSCO E&C 2017-2018 Sustainability Report

<sup>2</sup> Appendix 1 – POSCO E&C’s major global project sites

<sup>3</sup> Appendix 2 – POSCO E&C’s Environmental Management and Vision

POSCO E&C carries out innovative improvements and performs diverse activities to realize eco-friendly construction in overall project process, through the ISO 14001 certification and POSCO E&C Environmental Management System.

- *R&D* - POSCO E&C is developing building methods to reduce energy consumption and greenhouse gases (GHG) emissions, along with developing and introducing energy-efficient equipment. POSCO E&C owns 16 LEED certifications, the highest number in Korean construction industry and is also recognized for its outstanding technologies such as Zero-energy Building Certification and Outstanding Awards at 2017 Korea Intelligent Awards. The company has 525 patents, 69 professional researchers, 9 Green Technology certifications<sup>4</sup> and 24 New Excellent Technologies<sup>5</sup>.
- *Designing* - POSCO E&C minimizes energy consumption of building structures by maximizing insulation and also offers eco-friendly structures with great energy efficiency through eco-friendly materials and designs. In addition, POSCO E&C developed the analysis system for environmental performance and energy based on the Building Information Modeling (BIM) which is an integrated information management technology for building structures. Based on this design, POSCO E&C was able to reduce 60% of energy consumption in apartments as of December 2017, and in January 2018, Pangyo Techno Valley III Corporate Support Hub Project became the first non-housing structure to receive energy certification in Korea.
- *Purchase and Procurement* - POSCO E&C puts various efforts to activate uses of low-carbon/eco-friendly products and increases supports for suppliers' environmental management to comply with relevant regulations in overall supply chain.
- *Construction* - POSCO E&C thoroughly conducts environmental management and voluntary improvement activities (activities to self-inspect environmental management factors such as scattering dust, water quality, dust vibration, wastes, and soil, etc.) at the worksites to minimize environmental impacts in construction process. After the construction, POSCO E&C performs regular site visits to prevent any remaining environmentally hazardous factors.

## (2) Social Contribution

Through its business activities, POSCO E&C intends to contribute to solving social issues and fulfill its role as a corporate citizen by pursuing shared growth and values in society. Therefore, POSCO P&C identified contributing factors for sustainable development, which include:

- Improving water environment in developing countries;
- Establishing the basis for industrialization;
- Building a foundation for stable power supply; and

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<sup>4</sup> The certification system for promising green technology and business in accordance with the Framework Act on Low Carbon, Green Growth

<sup>5</sup> Technologies approved by the government with high potential for commercialization and economic ripple effect

- Improving the deteriorated living environment

POSCO E&C pursues to create social value through social contribution activities for solving social issues. Especially, the company focuses on three activities: 'Supporting Socially Vulnerable Groups (Smile)', 'Nurturing Future Talents (Hope)', and 'Supporting Culture & Arts (Culture)' to contribute to making better community.

### (3) Sustainability Reporting

POSCO E&C has published its seventh sustainability report in 2018. POSCO E&C transparently shares its sustainability activities and environmental and social performances during the year by annually publishing the sustainability report. The financial data were verified by the independent auditor to ensure the credibility, and the non-financial information regarding environment and social information were verified by the third-party assurance agency, DNV GL.

This report is developed in accordance with the Core Options of the Global Reporting Initiatives (GRI) Standards. The financial information is recorded based on the Korean International Financial Reporting Standards (K-IFRS), and the non-financial information is reported based on the GRI Standards and/or POSCO E&C's managerial standards.

### (4) POSCO E&C's and United Nations' Sustainable Development Goals (SDGs)



POSCO E&C supports the United Nations' Sustainable Development Goals<sup>6</sup> ("SDG") as defined in the Sustainable Development Summit of the United Nations in 2015, joining the global partnership which aims to end deprivation, protect the planet and ensure that all people enjoy peace and prosperity.

In particular, POSCO E&C has identified 7 specific SDGs that are most relevant to its business, environment and people, and has mapped it to its activities to show its social contribution through business using SDGs<sup>7</sup>.



#### Medical Support

There are many cases of neglects of the diseases that can be easily cured. POSCO E&C plans to reduce these issues through active medical services in overseas countries.



#### Talent Cultivation

Youth unemployment is an emerging issue in the Southeast Asia with rapid economic development. POSCO E&C conducts projects for nurturing overseas construction experts.

<sup>6</sup> Appendix 3 – United Nations' Sustainable Development Goals

<sup>7</sup> Appendix 4 – POSCO E&C's Social Contribution through Business



**Accessibility to Drinking Water and Sanitary Facilities**

POSCO E&C approaches sanitary issues of water resources in developing countries through its projects of water supply improvement and sewage treatment.



**Universal Access to Modern Energy**

Ensuring universal access to modern energy is a very important factor for human livelihood. POSCO E&C is expanding the portion of business portfolio in eco-friendly/renewable energy by setting it as the new mid- to long-term growth engine.

**Sustainable Supply of Energy with Reasonable Prices**

Stable supply of energy has close relation to productivity of national industry. POSCO E&C is realizing the sustainable energy supply by engaging in power plant constructions in countries such as Bangladesh and Philippines.



**Resilient Infrastructure & Sustainable Industrialization**

POSCO E&C has contributed to balanced development nationally through its infrastructure business, and it is working on development and social advancement of local communities by conducting infrastructure projects in the world.



**Improving the Deteriorated Living Environment**

POSCO E&C provides quality of housing by renovating deteriorated residential areas through redevelopment/ rebuilding projects. Since 2013 POSCO E&C, using its industrial nature, has performed improvement activities of living environment for fire prevention toward fire vulnerable groups with the NFA.



**Use of Sustainable Clean Energy and Climate Change Response**

POSCO E&C expands its eco-friendly business portfolio such as waste-to-energy facilities for shared growth of nature and mankind and provides practical eco-friendly solutions through O&M business of environmental facilities.

## 2. Framework Concept

### 2.1 Linking with POSCO Sustainable Financing Framework

POSCO E&C's parent, POSCO, has established a Sustainable Financing Framework in April 2019<sup>8</sup>, which comprehensively aligns with the 2018 Green Bond Principles, 2018 Social Bond Principles and 2018 Sustainability Bond Guidelines. Since then, POSCO has issued 2 Sustainability bonds.

Details of POSCO's sustainability bonds issuance are as below:

<b>Issue date</b>	<b>Cur- rency</b>	<b>Size</b>	<b>Tenor</b>	<b>Deal highlights and use of proceeds</b>
13 Jan 2020	EUR	500m	4 years	<ul style="list-style-type: none"> <li>- First sustainability corporate issuance in 2020, first Asian sustainability bond in 2020 and POSCO's debut EUR bond</li> <li>- Eligible projects for the proceeds in accordance with the POSCO Sustainable Financing Framework</li> </ul>
8 Jul 2019	USD	500m	5 years	<ul style="list-style-type: none"> <li>- POSCO's first ESG bond offering and world's first-ever ESG USD bond from a steel company focusing on Electric Vehicles (EV)</li> <li>- Eligible projects for the proceeds include the production of EV and the development of renewable energy strategies, as well as support growth of SMEs and employing the underprivileged</li> </ul>

POSCO E&C, as a majority-owned subsidiary of POSCO, is committed to follow the Group's overall sustainability strategy. In order to do so in combination with POSCO E&C's unique business model, this bespoke POSCO E&C Sustainable Financing Framework (the "Framework") has been developed to demonstrate how POSCO E&C intends to enter into Sustainable Financing Transactions ("SFT") to fund Eligible Green / Social Assets that will deliver environmental and social benefits to support POSCO E&C's, as well as POSCO Group's, business strategy and vision.

In order to provide full transparency and avoid double counting, POSCO E&C commits to only allocate SFT proceeds to Eligible Green / Social Assets which are fully owned by POSCO E&C and have NOT been earmarked as Eligible Green / Social Assets (as defined in the POSCO Sustainable Financing Framework) by POSCO.

### 2.2 Sustainable Financing Transactions

Sustainable Financing Transactions ("SFT") will include bonds, loans and other forms of debt financing with structures tailored to contribute to sustainable development by application of the proceeds to Eligible Projects as defined in this Framework.

<sup>8</sup> [http://www.posco.com/docs/eng6/jsp/dn/invest/archive/2019\\_POSCO\\_Sustainable\\_Financing\\_Framework.pdf](http://www.posco.com/docs/eng6/jsp/dn/invest/archive/2019_POSCO_Sustainable_Financing_Framework.pdf)

- With respect to bonds, bonds issued under this Framework will be aligned with the 2018 Green Bond Principles<sup>9</sup> (“GBP”), 2018 Social Bond Principles<sup>10</sup> (“SBP”) and 2018 Sustainability Bond Guidelines<sup>11</sup> (“SBG”) or as they may subsequently be updated.
- With respect to loans, loans issued under this Framework will be aligned with the 2018 Green Loan Principles<sup>12</sup> (“GLP”), 2020 Guidance on Green Loan Principles<sup>13</sup>, or as they may subsequently be amended. Should the loan be used for projects that deliver green and/or social benefits, the loan will be labelled as “sustainable”.
- Other SFT may conform to other sustainable finance principles as may have been established at the time of such a financing transaction being undertaken.

SFTs do not place restriction on the tenor and currency; and can include other terms and conditions including covenants, to reflect the financing strategy and plans of POSCO E&C as well as the outcome of the commercial discussions between the Issuer/Borrower and Manager/Arranger/Lender.

SFTs may be done in any jurisdiction and market reflecting POSCO E&C’s current and future business needs.

### 3. POSCO E&C Sustainable Financing Framework Overview

For each SFT, POSCO E&C management asserts that it will adopt the following core components of the GBP, SBP, SBG and GLP:

1. Use of proceeds;
2. Process for project evaluation and selection;
3. Management of proceeds; and
4. Reporting

The Framework also covers External Review.

The Framework will be in force as long as there is live SFTs. POSCO E&C may update this Framework and commits that any new version will keep or improve the current level of transparency and reporting. POSCO E&C commits to communicate changes with investors via POSCO E&C’s official website (<https://www.poscoenc.com>).

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<sup>9</sup> <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Green-Bond-Principles---June-2018-140618-WEB.pdf>

<sup>10</sup> <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Social-Bond-Principles--June-2018-140618-WEB.pdf>

<sup>11</sup> <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2018/Sustainability-Bond-Guidelines---June-2018-140618-WEB.pdf>

<sup>12</sup> [https://www.lma.eu.com/application/files/9115/4452/5458/741\\_LM\\_Green\\_Loan\\_Principles\\_Booklet\\_V8.pdf](https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf)

<sup>13</sup> <https://www.lsta.org/content/guidance-on-green-loan-principles-glp/>

### 3.1 Use of Proceeds

The net proceeds of the SFTs will be used to finance or refinance, in whole or in part, new or existing Eligible Green Project Categories and Eligible Social Project Categories (“Eligible Project Categories”).

- The proceeds of a Green Bond/Loan issued under this Framework will be applied to projects that fall under the Eligible Green Project Categories set out in Section 3.1.1 below.
- The proceeds of a Sustainability Bond/Loan issued under this Framework will be applied to projects that fall under the Eligible Green Project Categories set out in Section 3.1.1 and Eligible Social Project Categories set out in Section 3.1.2

#### 3.1.1 Eligible Green Project Categories

Eligible Project Category	Eligible Criteria and Description	UN SDG Goals
<u>Energy efficiency</u>	<ul style="list-style-type: none"> <li>• Developing energy-efficient materials and equipment with advanced technology for the construction of housing, infrastructures and buildings, such as smart grid, energy savings by 20% or above</li> </ul>	<b>SDG 7.3:</b> By 2030, double the global rate of improvement in energy efficiency
<u>Green buildings</u>	<ul style="list-style-type: none"> <li>• Construction and renovation of green buildings that meet recognized Green Building Standards: LEED Gold and above, BREEAM Excellent and above, and national equivalents with minimum standards such as G-SEED (Green Standard for Energy and Environmental Design based on the Act on Development and Support of Green Buildings). Renovation of buildings leading to energy efficiency improvement by 20%</li> <li>• Green building architecture and construction projects through POSCO A&amp;C, and consulting service projects for green building management through POSCO O&amp;M</li> <li>• R&amp;D for certified green buildings</li> </ul>	<p><b>SDG 9.4:</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> <p><b>SDG 11.6:</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p>



<p><u>Renewable energy</u></p> 	<ul style="list-style-type: none"> <li>Projects aimed at developing the production of renewable energy, such as wind, solar and small scale hydro<sup>14</sup></li> </ul>	<p><b>SDG 7.2:</b> By 2030, increase substantially the share of renewable energy in the global energy mix</p>
<p><u>Clean transportation</u></p> 	<ul style="list-style-type: none"> <li>Construction of light rail systems to solve heavy traffic and improve access to transport</li> </ul>	<p><b>SDG 9.1:</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p>

### 3.1.2 Eligible Social Project Categories

<b>Eligible Project Category</b>	<b>Eligible Criteria</b>	<b>UN SDG Goals</b>
<p><u>Affordable housing</u></p> 	<ul style="list-style-type: none"> <li>Supporting improvement of old housing: redevelopment and rebuilding projects of deteriorated residential areas for low income households<sup>15</sup></li> </ul>	<p><b>SDG 11.1:</b> By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>
<p><u>Employment generation, including through the potential effect of SME financing and microfinance</u></p> 	<p>SME financing and microfinance:</p> <ul style="list-style-type: none"> <li>Education programs for employees at SMEs</li> <li>Support to SME growth through SME financing, co-development of technologies, new technology development with conditions of buying. Targeted SMEs need to meet the following requirements:               <ul style="list-style-type: none"> <li>Categorized as an SME under The Framework Act on Small and Medium Enterprises</li> <li>Less than 20 employees</li> </ul> </li> </ul> <p>Examples:</p> <ul style="list-style-type: none"> <li>Support R&amp;D expenses of SMES</li> <li>Cultivation of SMEs' sales channels ie providing workshop, training and consulting</li> </ul>	<p><b>SDG 8.3:</b> Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p><b>SDG 8.6:</b> By 2020, substantially reduce the proportion of youth not in employment, education or training</p>

<sup>14</sup> Subject to condition in set in 3.1.3 Exclusions

<sup>15</sup> Low income individuals are determined by the Korean Ministry of Health and Welfare (MOHW) and Ministry of Education (MOE)'s classification, which is based on household income.

- Operating funds to lend at low-interest to SMEs in collaboration with banks (ex. Co-prosperity Special Fund, Partner Company Support Fund)
- Operating a recruitment center for SMEs

Venture investment and incubation:

- Cultivation of eligible venture and start-up companies to enable their owners to enjoy decent work and economic growth through company internal venture programme. Eligible venture and start-up companies need to meet the following requirements:
  - Recognized as venture as per the Act on Special Measures for the Promotion of Venture Business<sup>16</sup>; or
  - Less than 5 years since establishment

Examples:

- Investment to venture, start-ups
- Runs Idea Market Place (IMP) programme to foster ventures as a business incubator and angel investor

Socio-economic advancement and empowerment



- Training or employment of underprivileged and socially vulnerable groups (disabled, elderly, low income):
  - POSCO HUMANS which hired underprivileged group (disabled, elderly, low income) for their employees
  - It was awarded 'Excellence for employment of the disabled' by Korea Employment Agency for the Disabled in 2016, and President's Commendation for employment generation in December 2018
- Construction of parks, education and art centers for public usage for donation and contributed acceptance

**SDG 10.2:** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

**SDG 4.6:** By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy

Eligible Project Categories may include the projects POSCO E&C made during the 2 years prior to the issuance or signing date of the respective SFTs and during the life of the SFTs.

### 3.1.3 Exclusions

The following industries are excluded from consideration for eligibility ("Exclusions"):

<sup>16</sup> [https://elaw.klri.re.kr/kor\\_service/law View .do?hseq=45518&lang=EN G](https://elaw.klri.re.kr/kor_service/law_view.do?hseq=45518&lang=EN)

- Luxury sectors (precious metals wholesale or brokerage, precious minerals wholesale or brokerage, artworks and antiques wholesale or brokerage);
- Child labour and forced labour;
- Adult entertainment;
- Weapon;
- Alcohol;
- Tobacco;
- Fossil fuel;
- Nuclear; and
- Hydro power with installed capacity >20MW

### **3.2 Process for Project Evaluation and Selection**

POSCO E&C imposes strict environmental and risk management policy during its normal course of business in accordance with the Rules of Ethics including environmental risk management.

Under POSCO E&C's Sustainability Financing Framework, Eligible Projects are identified and selected via a process that involves participants from various functional areas. A Sustainable Financing Working Group ("SFWG") will be set up, composed of representatives from the below departments with the required level of expertise and seniority:

- Treasury Group
- Corporate Citizenship Bureau
- Audit

SFWG will meet every 12 months to review and select eligible projects according to the criteria outlined in Sections 3.1.1 and 3.1.2 mentioned above. The shortlisted projects will be presented to the Head of Strategic Planning Division Financial Management Office for approval.

SFWG will ensure that the selected Eligible Project to comply not only with the section of Use of Proceeds but also the environmental and social guidelines under Green Bond Principles and Social Bond Principles which are applicable within POSCO E&C.

In addition, SFWG will be responsible for managing any future updates of the Framework, including any expansion of requirements of use of proceeds.

Eligible Projects may include new projects, projects under construction or in POSCO E&C's portfolio, with a disbursement date no older than 24 months.

### **3.3 Management of Proceeds**

The net proceeds from each SFT issued will be managed by POSCO E&C's finance team and the proceeds of each bond will be deposited in the general funding accounts. An amount equal the net proceeds will be earmarked for allocation to Eligible Projects, in accordance with POSCO E&C Sustainable Financing Framework.

POSCO E&C will maintain a register to keep track of the use of proceeds for each SFT. The register will contain the following information including:

### **3.3.1 Type of Funding Transaction**

Key information includes issuer/borrower entity, transaction date, number of transactions, principal amount of proceeds, repayment or amortization profile, maturity date, interest or coupon, and the ISIN number in case of bond transaction.

### **3.3.2 Allocation of Use of Proceeds**

- Name and description of Eligible Projects to which the proceeds of the SFTs have been allocated in accordance with the Framework
- Allocation of the proceeds of SFTs to Eligible Projects
- The balance of unallocated proceeds
- Information of temporary investment for unallocated proceeds

POSCO E&C is committed to allocating all proceeds from the SFT to Eligible Project on a best effort basis within one year of the Bond issuance in accordance with the evaluation and selection process set out above.

POSCO E&C will monitor the allocation to Eligible Project and track the net proceeds through its internal accounting system. Pending allocation, the net proceeds from the SFT(s) issued may be invested in cash or cash equivalents, or used to repay existing borrowings under general credit facilities of POSCO E&C.

During the life of the SFT issued, if the designated Projects cease to fulfil the Eligibility Criteria, the net proceeds will be re-allocated to replacement Projects that comply with the Eligibility Criteria, as soon as reasonably practicable.

## **3.4 Reporting**

POSCO E&C will report on the allocation of net proceeds and associated impact metrics of its SFT(s) within one year from issuance date and annually thereafter until the proceeds have been fully allocated, and as necessary in the event of material development.

The information will contain at least the following details:

### **3.4.1 Allocation Reporting**

POSCO E&C will provide the following information for the net proceeds of all the SFTs during the period:

- The aggregate amount allocated to various Eligible Projects
- The remaining balance of funds which have not yet been allocated and type of temporary investment
- Examples of Eligible Projects (subject to confidentiality disclosures)

### **3.4.2 Impact Reporting**

Where possible, POSCO E&C will report on the environmental and social impacts associated with the Eligible Projects funded with the net proceeds of the SFT(s).

Subject to the nature of Eligible Projects and availability of information, POSCO E&C aims to include, but not limited to, the following Impact Indicators:

<b>Eligible Project Category</b>	<b>Impact Indicators – Examples</b>
Energy efficiency Eco-efficient products, technologies and processes	<ul style="list-style-type: none"> <li>• Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)</li> <li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</li> <li>• Number of people benefited</li> </ul>
Pollution prevention and control Sustainable water and wastewater management	<ul style="list-style-type: none"> <li>• Annual GHG emissions reduced/avoided in tonnes of CO<sub>2</sub> equivalent</li> <li>• Decrease in concentration level of EAF / fine dust of in business sites</li> <li>• Amount of water desalinated (litres)</li> <li>• Amount of water recycled or reused (litres)</li> <li>• Number of people benefited</li> </ul>
Green buildings	<ul style="list-style-type: none"> <li>• Level of certification by property</li> <li>• Energy efficiency gains in MWh or % vs. baseline</li> <li>• Estimated avoided GHG emissions (tCO<sub>2</sub>eq)</li> <li>• Annual energy savings (MWh pa)</li> </ul>
Renewable energy	<ul style="list-style-type: none"> <li>• Renewable energy produced (MWh)</li> <li>• Renewable energy capacity (MW)</li> <li>• Estimated avoided GHG emissions (tCO<sub>2</sub>eq)</li> <li>• Annual energy savings (MWh pa)</li> </ul>
Affordable basic infrastructure	<ul style="list-style-type: none"> <li>• Number of beneficiaries</li> <li>• Number and type of disadvantaged communities helped</li> </ul>
Affordable housing	<ul style="list-style-type: none"> <li>• Number of dwellings</li> <li>• Number of beneficiaries</li> <li>• Number of redevelopment and rebuilding projects of deteriorated residential areas</li> </ul>
Employment generation, including through the potential effect of SME financing and microfinance	<ul style="list-style-type: none"> <li>• Number of jobs created</li> <li>• Number of SMEs and start-up supported or funded</li> <li>• Number of employees of SMEs supported or funded</li> </ul>
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> <li>• Number of beneficiaries</li> <li>• Number and type of disadvantaged communities helped</li> </ul>

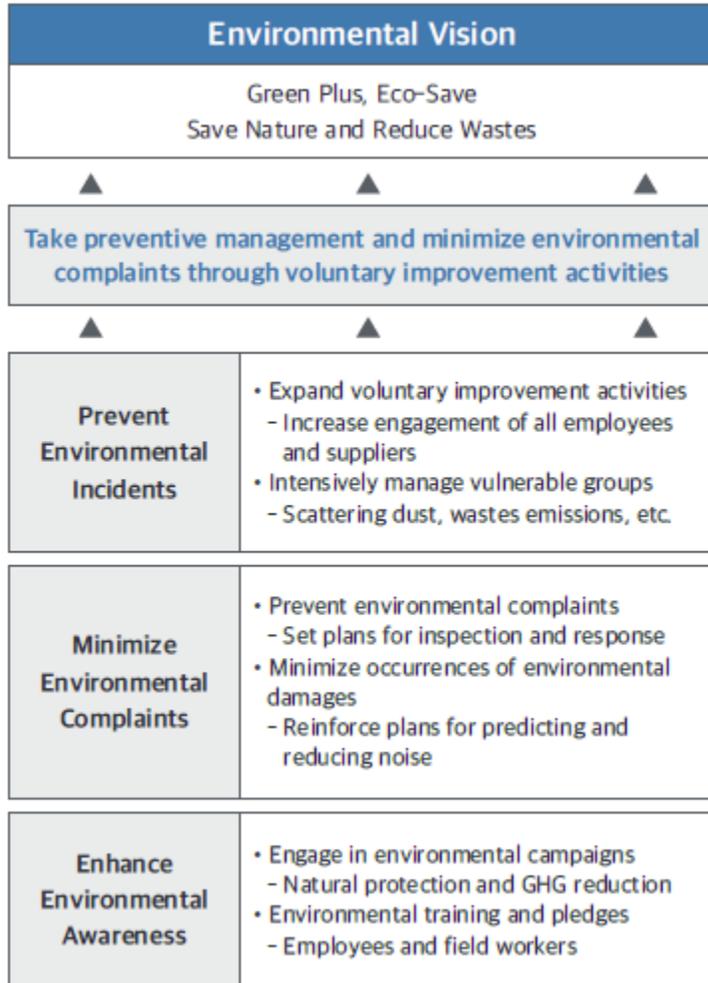
#### **4. External Review**

POSCO E&C will engage Sustainalytics to provide an external review on its Sustainable Financing Framework.

Opinion from the external reviewer will be available at  
[https://www.poscoenc.com:446/eng/sustainability/sustainability\\_finance\\_report.asp](https://www.poscoenc.com:446/eng/sustainability/sustainability_finance_report.asp)



Appendix 2 – POSCO E&C’s Environmental Management and Vision



Appendix 3 – United Nations’ Sustainable Development Goals

In 2015, world leaders gathered at the UN to adopt 17 Sustainable Development Goals (SDGs) to achieve several extraordinary things by 2030: end poverty, promote prosperity and well-being for all, and protect the planet. The SDGs set a course to achieve these objectives – for people everywhere. The SDGs cover a broad range of social and economic development issues. These include poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, urbanization, environment and social justice.



Appendix 4 – POSCO E&C’s Social Contribution through Business



\*\* Projects in developing countries as of September 2018

\*\*\* Limited to domestic redevelopment/reconstruction projects for Building Works Business Division considering SDGs