

# Framework for Local Community Engagement

| Framework Enacted in March, 2019 |

## Part 1. Background of Establishment of Framework and Purpose

### 1. Definition of Local Communication Engagement

Local community engagement aims to ensure that the company understands and addresses problems in local communities. In particular, it aims to encourage engagement with local communities in several decision-making processes and to utilize ideas from the local community to make better-informed decisions.

- Local community engagement includes the following activities:
- Providing and sharing information on major issues with local communities
  - Measures to deal with local community issues
  - Diverse communication methods

Local community engagement as a guideline for decision-making means collecting opinions and information from local communities to achieve sustainability in management decision-making.

### 2. Purpose of Local Community Engagement and Framework Development

The key purposes of local community engagement are as follows:

- To strengthen decision-making in connection with stakeholders
- To support a local community committee on communication
- To improve relationships with local communities and various stakeholders
- To encourage the participation of local communities in dealing with major issues in projects

The framework for local community engagement aims to achieve the targets through the following means:

- Procedures for listening to and identifying the opinions of local communities and reflecting them in the decision-making process
- Taking a consistent approach to local community engagement
- Understanding from employees regarding business decisions that impact local communities
- Communication between local community stakeholders and the decision-makers (management)

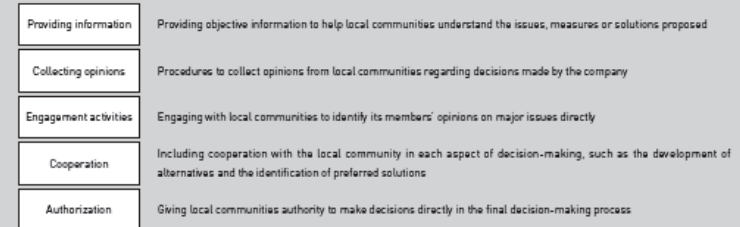
## Part 2. Principles of Local Community Engagement

The six main principles of local community engagement are prior engagement, transparent information disclosure, selection and execution of proper engagement methods, inclusivity of information and period of local community engagement, as explained below.

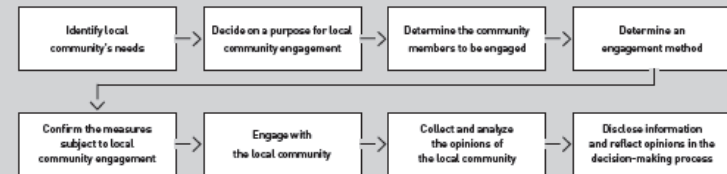
Prior engagement	A pledge to provide local communities or key stakeholders with information at the early stages of project development and to enable local communities to influence decision-making and strategy planning
Transparent information disclosure	Communication with local communities in which relevant information and data are provided to ensure transparency and effective consultation
Inclusive engagement	Providing opportunities to all people for consultation on relevant issues in addition to the entire local community and key stakeholders
Selection and execution of proper engagement methods	Communication with local communities in which relevant information and data are provided to ensure transparency and effective consultation
Inclusivity of information	Efforts by the company to consider all kinds of information before making a decision that can impact a local community and to provide honest feedback
Period of local community engagement	The period during which a local community, its residents or their way of life could be impacted

## Part 3. Local Community Engagement Framework

The framework for local community engagement is organized and operated according to the following process:



### Process of Local Community Engagement



## Part 4. Communication Channels for Major Stakeholders

Major stakeholders	Definition	Department in charge	Communication channel	Major issue	Communication cycle
Customer companies	The basis for the creation of economic and corporate value	Marketing Division	Department meetings, technology seminars, customer satisfaction surveys, customer portals, website, newsletters	•Enhancing customer satisfaction •Expanding customer communication •Protecting information	any time
Employees	Key members for sustainable growth	Business Management Division	Intranet, OHP, Smart Board, education programs, labor-management cooperation	•Encouraging communication among employees and departments •Work-life balance •Strengthening employee capabilities	any time
Suppliers	Partner cooperation for win-win growth based on stability	Business Management Division Procurement Division Major domestic and overseas works	Win-win growth agreements, meetings, procurement system, technology change meetings, website, newsletters	•Opening fair supply chain management process •Establishing win-win growth culture •Adopting activities to support win-win growth	quarterly, any time
Shareholders and investors	Providing financial capital as a source of corporate management	Finance Division	General shareholder meetings, performance presentations, NCD and conferences, 1:1 meetings, visits to work sites, public association materials	•Securing new growth engines •Improving corporate value	quarterly, any time
Local communities	Local committees and their members interacting through business operations	Business Management Division Design Integrated Stakeworks and other major works	Major social contribution activities, global activities for regional development, holding meetings of local community committees twice a year	•Performing continuous social contribution activities •Supporting socially disadvantaged and vulnerable people •Engaging in communication with stakeholders	quarterly, before and after social contribution activities
NGOs, governments and media	Proposals for the company's direction	Strategic Planning Department Major domestic and overseas works	Visit work sites and issue press releases	•Depending on and participating in government jobs •Making transparent business announcements •Creating jobs	any time

\* Case 1. Compensation is carried out through legal compliance and community consultation while creating and developing industrial parks  
 Case 2. Identify the neighborhood needs of the Indian company and conduct a project to build a safety infrastructure through community consultation [Solar energy street lamps and CCTVs for safe passage of woman and children at night / 2018]

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| Framework Revised in June, 2020 |

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<b>Prior engagement</b>	A pledge to provide local communities or key stakeholders with information at the early stages of project development and to enable local communities to influence decision-making and strategy planning
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<b>Period of local community engagement</b>	The period during which a local community, its residents or their way of life could be impacted

### Part 3. Local Community Engagement Framework

The framework for local community engagement is organized and operated according to the following process:

<b>Providing information</b>	Providing objective information to help local communities understand the issues, measures or solutions proposed
<b>Collecting opinions</b>	Procedures to collect opinions from local communities regarding decisions made by the company
<b>Engagement activities</b>	Engaging with local communities to identify its members' opinions on major issues directly
<b>Cooperation</b>	Including cooperation with the local community in each aspect of decision-making, such as the development of alternatives and the identification of preferred solutions
<b>Authorization</b>	Giving local communities authority to make decisions directly in the final decision-making process

#### \* Process of Local Community Engagement

- 1) Identify local community's needs
- 2) Decide on a purpose for local community engagement
- 3) Determine the community members to be engaged
- 4) Determine an engagement method
- 5) Confirm the measures subject to local community engagement
- 6) Engage with the local community
- 7) Collect and analyze the opinions of the local community
- 8) Disclose information and reflect opinions in the decision-making process

#### Part 4. Communication Channels for Major Stakeholders in Local Communities

Major Stakeholders	Definition	Point of contact	Communication channel	Major issue	Communication cycle
Customer companies	The basis for the creation of economic and corporate value	Marketing Division	Department meetings, technology seminars, customer satisfaction surveys, customer portal site, websites, newsletters	<ul style="list-style-type: none"> <li>• Enhancing customer satisfaction</li> <li>• Expanding customer communication</li> <li>• Protecting information</li> </ul>	• frequently
Employees	Key members for sustainable growth	Business Management Division, Management Planning Division	Intranet, GWP, Future Board, education programs, labor-management cooperation	<ul style="list-style-type: none"> <li>• Encouraging communication among employees and departments</li> <li>• Strengthening employee capabilities</li> <li>• Work-life balance</li> </ul>	• frequently
Suppliers	Partner cooperation for win-win growth based on stability	Business Management Division Procurement Division Dangjin Integrated Steelworks and other major works	Win-win growth agreements, meetings, procurement system, technology exchange meetings, websites, newsletters	<ul style="list-style-type: none"> <li>• Operating fair supply chain management process</li> <li>• Advancing activities to support win-win growth</li> <li>• Establishing a win-win growth culture</li> </ul>	• Quarterly, frequently
Shareholders and investors	Providing financial capital as a source of corporate management	Finance Division	General shareholders' meetings, performance presentations, NDR and conferences, 1:1 meetings, visits to worksites, public announcement materials	<ul style="list-style-type: none"> <li>• Improving corporate value</li> <li>• Securing new growth engines</li> </ul>	• Quarterly, frequently

Local communities	Local communities and their members interacting thorough business operation	Business Management Division Dangjin Integrated Steelworks and other major works	Major social contribution activities, global activities for regional development, holding meetings of local community committees twice a year	<ul style="list-style-type: none"> <li>• Engaging in communication with stakeholders</li> <li>• Supporting socially disadvantaged and vulnerable people</li> <li>• Performing continuous social contribution activities</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly</li> </ul>
NGOs, government and media	Proposals for the company's direction	Policy Coordination Division Dangjin Integrated Steelworks and major works	Visit worksites and issue press releases	<ul style="list-style-type: none"> <li>• Responding to and participating in government policy</li> <li>• Making transparent business announcements</li> <li>• Creating jobs</li> </ul>	<ul style="list-style-type: none"> <li>• Before and after CSR activity, frequently</li> </ul>

**\* Current Information of community consultation**

- 1) Current production assets required community consultation : 7 asset
- 2) Number of development projects in the process of community consultation : 0  
(there are no development project revenues from mining minerals)