Dear Stakeholders,

Since its foundation in 1994, POSCO E&C has focused its capabilities on leading change towards a better world through strategic forward thinking and breakthrough technologies.

Based on our experience in constructing POSCO’s steel plants in Pohang and Gwangyang, which stand as major cornerstones of Korea’s economic development, POSCO E&C continues to grow. This growth is taking place as our business areas expand to encompass energy, infrastructure, and architecture and as we expand into global markets.

In particular, when the Public Investment Fund (PIF), a state-owned fund of Saudi Arabia, came on board as the second largest shareholder and joined in the management process, it served as a catalyst for the company to reform its overall business activities and governance systems to achieve global standardization. In an effort to meet changes in the global business environment and diversify overseas orders, POSCO E&C merged with POSCO Engineering, which is widely recognized for its superior capabilities in the field of engineering.

In order to secure sustainable engines of growth, POSCO E&C plans to concentrate on three tasks in 2017: expanding our order pool with an emphasis on strategic countries; enhancing profitability through project implementation capabilities; and building a vibrant organizational culture.

Furthermore, through the practice of safety management and environmental responsibility that prioritizes respect for human life, contribution with communities, win-win cooperation with partner companies, and corporate transparency and fairness, POSCO E&C is committed to assuring its position as a company beloved by all our stakeholders.

I look forward to your continued interest and support.

Thank you very much.

Chan-Kun Han
President & CEO

Backed by our experience in turning crisis into opportunity, POSCO E&C is committed to growing as a global engineering and construction company that meets and exceeds the expectations of our stakeholders.
SMART PLAYER
in Steel Construction & Concession

Based on the differentiated nature of our competencies, POSCO E&C is growing into a leading global construction company.

Overseas Subsidiaries
- Mexico: Tamaulipas
- Ecuador: Quito
- Venezuela: Caracas
- Brazil: Ceara
- U.S.A.: Hawaii
- India: Gurgoan
- Indonesia: Jakarta
- Cambodia: Phnom Penh
- Vietnam: Hanoi, Ho Chi Minh
- Australia: Perth
- China: Beijing, Hunchun, Dalian

Branches
- Chile: Santiago
- El Salvador: San Salvador
- Peru: Lima
- UAE: Abu Dhabi
- Saudi Arabia: Riyadh
- Kazakhstan: Almaty
- Cambodia: Phnom Penh

Offices
- U.S.A.: Houston
- Vietnam: Hanoi

Entry Into Countries
- Mexico: Tamaulipas
- Ecuador: Quito
- Venezuela: Caracas
- Brazil: Ceara
- U.S.A.: Hawaii
- India: Gurgoan
- Indonesia: Jakarta
- Cambodia: Phnom Penh
- Vietnam: Hanoi, Ho Chi Minh
- Australia: Perth
- China: Beijing, Hunchun, Dalian

Global Business

Overseas Subsidiaries
- Mexico: 39
- South America: 14
- North America: 14
- Europe: 07
- Africa: 07
- Middle East: 07
- South America: 07
- Asia: 07
- Oceania: 07

Branches
- Mexico: 39
- South America: 14
- North America: 14
- Europe: 07
- Africa: 07
- Middle East: 07
- South America: 07
- Asia: 07
- Oceania: 07

Offices
- Mexico: 39
- South America: 14
- North America: 14
- Europe: 07
- Africa: 07
- Middle East: 07
- South America: 07
- Asia: 07
- Oceania: 07
POSCO, along with its affiliates, is growing into a well-loved global business group. Grounded in a forward-looking business structure that harmoniously balances steel & non-steel, manufacturing & services, tradition & the future, fields—including not only steel, but also new materials, E&C, energy, ICT, and trade—the POSCO Group is strengthening its capabilities.

During the past half century, POSCO has been the leader of the Korean steel industry, having created something out of nothing through the establishment of POSCO’s plant technologies and innovation center (POSCO). Through the comprehensive implementation of a series of projects— ranging from project planning, design, construction, test runs, and operations—possesses world-class steel plant technologies and know-how, such as FINEX. Established in 1994 and bolstered by POSCO's 50-year history of global competitiveness, POSCO E&C is a comprehensive construction company that possesses world-class steel plant technologies and know-how, such as FINEX. Based on differentiated global competitiveness and synergy between a range of projects, and high-rise buildings, POSCO E&C is undergoing global expansion.
On-site safety management

• Running cycle of self-directed standard safety activities
• Modifying the command structure, for instance by establishing a safety & health center directly under the CEO along with safety technology sections within each business division
• Implementing Smart Safety Processes through the on-site use of IT devices such as beacons, drones, and remote monitoring

Quality Management

• Eliminating wasteful factors and improving quality of work processes based on a quality management system (ISO 9001)
• Operating an NCR (non-conformance report) system managing a shared database containing a causal analysis of occurrence of non-conformance and the outcomes of response measures
• Operating regular on-site quality diagnosis systems and conducting voluntary quality improvement activities

Environmental Managemen (Policy)

On-site safety management

• Running cycle of self-directed standard safety activities
• Modifying the command structure, for instance by establishing a safety & health center directly under the CEO along with safety technology sections within each business division
• Implementing Smart Safety Processes through the on-site use of IT devices such as beacons, drones, and remote monitoring

Quality Management

• Eliminating wasteful factors and improving quality of work processes based on a quality management system (ISO 9001)
• Operating an NCR (non-conformance report) system managing a shared database containing a causal analysis of occurrence of non-conformance and the outcomes of response measures
• Operating regular on-site quality diagnosis systems and conducting voluntary quality improvement activities
POSCO E&C, the world's only construction company capable of performing mass-scale engineering, procurement, and construction (EPC) of steel plants, is recognized for its competence through overseas mega projects that include the CSP integrated steel plant in Brazil and the Krakatau steel plant in Indonesia. Expanding its business areas to encompass resource development and the industrial plant sector, POSCO E&C is rising in the world.
| Steel Plants |

01 - CSP Steelworks (Brazil)
  - Project period: 2012. 01 ~ 2016. 02
  - Production capacity: 3 million tons/year

02 - Formosa Steelworks (Vietnam)
  - Project period: 2013. 08 ~ 2015. 11
  - Coke oven gas (COG): 150,000NM³/h
  - Raw materials: 7 million tons/year

03 - No.3 FINEX, Pohang Steelworks (Korea)
  - Project period: 2011. 06 ~ 2013. 11
  - Production capacity: 2 million tons/year

04 - Asia Special Steel Co. steel works (Japan)
  - Project period: 2007. 12 ~ 2009. 05
  - Production capacity: 2 million tons/year

05 - No.4 Hot rolling mill, Gwangyang Steelworks (Korea)
  - Project period: 2010. 12 ~ 2014. 08
  - Production capacity: 3.5 million tons/year

06 - IISCO blast furnace (India)
  - Project period: 2007. 01 ~ 2010. 12
  - Production capacity: 1.4 million tons/year
## Resource Development Plants

<table>
<thead>
<tr>
<th>No.</th>
<th>Project Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.</td>
<td>Moolarben soft coal plant (Australia)</td>
</tr>
<tr>
<td>02.</td>
<td>New POSCO FINEX raw material handling plant (Korea)</td>
</tr>
<tr>
<td>03.</td>
<td>Gwangyang raw materials plants/year, with capacity-enhancing silos (Korea)</td>
</tr>
</tbody>
</table>

## Industrial Plants

<table>
<thead>
<tr>
<th>No.</th>
<th>Project Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.</td>
<td>STATS ChipPAC Korea new plant (Korea)</td>
</tr>
<tr>
<td>02.</td>
<td>KyungDong Navien new plant with adjacent facilities (Korea)</td>
</tr>
<tr>
<td>03.</td>
<td>Il-yang Pharmaceutical vaccine plant (Korea)</td>
</tr>
<tr>
<td>04.</td>
<td>IASS Holdings cold &amp; frozen logistics center (Korea)</td>
</tr>
</tbody>
</table>

**Engineering technical competencies, to correspond global standard**

The strong engineering technical competences of POSCO E&C have earned it wide recognition for its engineering, procurement, and construction (EPC) capabilities. POSCO E&C exhibits a wealth of experience in implementation that complies with industry-specific, global standards, including sectors like semiconductor & electronics, pharmaceuticals/food, logistics centers, and general manufacturing plants.
As the first Korean construction company to build energy plants in Central and South America, including Chile, Peru, and Panama, POSCO E&C has demonstrated its technological competitiveness in the energy sector. POSCO E&C is also expanding its business areas by pioneering diverse energy fields—future renewable energy such as wind and solar power and refuse-derived fuel (RDF), as well as refining and petrochemicals.
### Performance-based Planning for Power Plant EPC (Engineering, Procurement, Construction)

In 2007, POSCO E&C received initial certification from the American Society of Mechanical Engineers (ASME) for design and construction in the field of thermal power generation and subsequently received ASME repair/replacement certification in 2016, creating a bridgehead for expansion into overseas markets. In 2017, POSCO E&C also achieved Korea Electric Power Industry Code (KEPIC) certification, a national certification in the field of the structural design of nuclear power plants.

### Power Generation

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Dates</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Ansan Combined Cycle Plant (Korea)</td>
<td>2012. 10 ~ 2014. 10</td>
<td>834MW</td>
</tr>
<tr>
<td>02</td>
<td>Kalpa Combined Cycle Plant (Peru)</td>
<td>2009. 03 ~ 2011. 03</td>
<td>518MW</td>
</tr>
<tr>
<td>03</td>
<td>Incheon POSCO Energy Combined Cycle Plant: Units 7-8-9 (Korea)</td>
<td>2012. 10 ~ 2015. 12</td>
<td>436MW X 3</td>
</tr>
<tr>
<td>04</td>
<td>Angamos coal-fired power plant (Chile)</td>
<td>2008. 01 ~ 2011. 01</td>
<td>518MW</td>
</tr>
<tr>
<td>05</td>
<td>Gwangyang Off-gas Combined Cycle Plant (Korea)</td>
<td>2009. 02 ~ 2011. 12</td>
<td>246MW</td>
</tr>
<tr>
<td>06</td>
<td>R Combined Cycle Plant (Israel)</td>
<td>2010. 09 ~ 2015. 07</td>
<td>400MW</td>
</tr>
</tbody>
</table>

---

Performance-based Planning for Power Plant EPC (Engineering, Procurement, Construction)
A smooth and seamless energy supply is the basis for stable social growth. Worldwide, the transition to sustainable energy is accelerating through the development of clean energy technologies and infrastructure. POSCO E&C has been expanding its efforts in the renewable energy business, having built power generation plants that use solar, wind, tidal, and RDF energy. This foray into renewable energy started with the 2007 construction of a 3MW photovoltaic power generation facility in Yeongam (South Jeolla-do), at which point it possessed the world’s largest power generation capacity for a single plant.

**SDG Target 7. Ensure access to affordable, reliable, sustainable, and modern energy for all**

IDG Target 7. Ensure access to affordable, reliable, sustainable, and modern energy for all

**POSCO E&C BUSINESS**

| Renewable Energy |

01 - Seokmun Energy Plant (Korea)
  Project period: 2015. 01 ~ 2017. 07
  Capacity: 38.9MW

02 - Busan RDF (refuse-derived fuel) Power Plant (Korea)
  Project period: 2010. 10 ~ 2013. 10
  Capacity: 25MW

03 - Jinyang/Hyunjin Solar Power Plants (Korea)
  Project period: 2015. 10 ~ 2017. 04
  Details: 17 solar power plants in 14 cities nationwide

01 - Gwangyang SNG Plant (synthetic natural gas) (Korea)
  Project period: 2009. 10 ~ 2014. 06
  Capacity: 500,000 t/d

02 - Pohang No.16 Oxygen Plant (Korea)
  Capacity: oxygen 100,000Nm³/h

03 - Gwangyang LNG Storage Tank 3 (Korea)
  Project period: 2012. 12 ~ 2014. 09
  Capacity: vaporization delivery facilities: 200 t/h
POSCO E&C is contributing to global regional development through top-tier technologies and capabilities in a range of large-scale infrastructure projects, including roads, railways, ports, and environmental facilities. We are leading change towards a better world through the construction of environmental facilities equipped to handle sewage/wastewater, seawater desalination, waste-to-energy, and air cleaning processes, and are actively providing environmental solutions in the area of O&M (operations & maintenance). Moreover, our business areas are expanding to embrace environmentally-friendly renewable energy, such as hydroelectric power generation.

Nohwa-Gudo bridge (Korea)
Project period: 2011.11 ~ 2017.06
Scale: 1.62km (two-lane extradosed sea bridge - 780m, access road - 840m)
01 - Capital Region 2nd Ring Expressway (Incheon–Gimpo expressway) (Korea)
Project period: 2012. 03 ~ 2017. 03
Scale: section 2 - 5.8km; 1 underwater tunnel; section 3-1, 3.7km; 1 junction

02 - A380 highway (Uzbekistan)
Project period: 2014. 05 ~ 2016. 12
Scale: extended by 83.4km

03 - Noi Bai - Lao Cai Expressway (Vietnam)
Project period: 2009. 07 ~ 2011. 11
Scale: extended by 80.4km

01 - Phase 2 breakwater in Ulleung Sadonghang Port (Korea)
Project period: 2014. 02 ~ 2017. 12
Scale: 640m; 3 seawater circulation facilities; incidental work (1 L/S)

02 - Breakwater at Saemangeum New Port (Zone 2) (Korea)
Project period: 2011. 12 ~ 2016. 10
Scale: 1.96km

03 - Civil groundwork for Chungju Enterprise City (Korea)
Project period: 2008. 05 ~ 2012. 08
Scale: 7,012,760m²

SDG Target 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation

Universally accessible infrastructure—roads, ports, railways, and the like—stimulate economic development in local communities and allow enterprises an opportunity to create new markets. Through its domestic infrastructure projects, POSCO E&C has contributed to balanced regional development in Korea. In the global setting, our infrastructure projects all over the world, including Vietnam, Uzbekistan, and Korea, have boosted local communities and led social progress.
01 - Busan–Gimhae Light Rail Transit (Korea)
  Scale: extended by 22.3km

02 - Seongnam–Yeoju double-track railway depot (Korea)
  Project period: 2012.12 ~ 2017.03
  Scale: maintenance facility for 20 trainsets; storage facility for 14 trainsets

03 - Lampung Hydropower Plant (Indonesia)
  Project period: 2015. 02 ~ 2017. 09
  Capacity: 55.4MW

01 - Krakow Waste-to-Energy Plant (Poland)
  Project period: 2012. 10 ~ 2016. 06
  Production capacity: 10.7 MWh/y
  Processing capacity: 220,000 tons/year

02 - Underground Desalinated Water Storage Facility (Abudhabi)
  Project period: 2010. 08 ~ 2013. 02
  Storage capacity: 30,000 t/d

03 - Gwangyang East Revetment Desalination Water Supply Project (Korea)
  Project period: 2013. 01 ~ 2014. 07
  Production capacity: 30,000 t/d

SDG Target 6. Ensure availability and sustainable management of water and sanitation for all
Water and sanitation facilities are the source of life and are a basic human right. But shortages of fresh water, resulting from climate change, and degraded water quality from pollution have increasingly given rise to water-related risks in nations and regions. POSCO E&C has acquired technology to not only construct seawater desalination facilities, but also reduce the associated O&M costs. In Abu Dhabi, this technology has been applied in a desalinated water storage project that helps address the region’s water scarcity problems.
In projects like the Songdo International Business District, POSCO E&C is engaged in construction for large-scale urban development that combines the technology and know-how of the entire construction industry. In constructing high-rise smart buildings such as Haeundae LCT The Sharp, we are also building local landmarks.
**Urban Development / Complex Development**

**Splenora (Vietnam)**
- Project period: 2010.03 ~ 2013.08
- Scale:
  - Total construction area: 120,000m²
  - Apartments: 248 (B1/16F–22F)
  - Villas: 136
  - Terrace houses: 117

**Haeundae LCT The Sharp (Korea)**
- Project period: 2015.09 ~ 2019.11
- Scale: 5 underground floors, 101 above-ground floors

**Songdo The Sharp Central Park I, Songdo The Sharp Central Park II (Korea)**
- Scale: 2 underground floors, 47 above-ground floors, 2 underground floors, 47 and 49 above-ground floors

**Dongtan Metapolis (Korea)**
- Project period: 2006.10 ~ 2010.09
- Scale: 5 underground floors, 55-66 above-ground floors

**Songdo The Sharp First World (Korea)**
- Project period: 2005.05 ~ 2009.01
- Scale: 2 underground floors, 64 above-ground floors

*POSCO E&C BUSINESS*

“The Sharp” Brand

The Sharp is a brand that truly enriches the lives of our customers through painstaking devotion and attention to detail, while focusing on the essence. POSCO E&C is striving to do our utmost to help our customers residing in The Sharp to enjoy a life of greater affluence, sophistication, and contentment.
| Office / Commercial |

01 - Yeouido Parc 1 (Korea)
Project period: 2016. 11 ~ 2020. 02
Scale: 7 underground floors, 69 above-ground floors

02 - Northeast Asia Trade Tower (Korea)
Project period: 2012. 10 ~ 2015. 05
Scale: 3 underground floors, 68 above-ground floors

03 - Hana Bank Headquarters (Korea)
Project period: 2014. 06 ~ 2017. 06
Scale: 6 underground floors, 26 above-ground floors

04 - POSCO E&C Songdo Headquarters (Korea)
Project period: 2007. 01 ~ 2010. 05
Scale: 5 underground floors, 39 above-ground floors

05 - Sejong City Government Office (Korea)
Project period: 2010. 10 ~ 2012. 12
Scale: 4 underground floors, 7 above-ground floors

06 - Canal Walk (Korea)
Project period: 2008. 01 ~ 2009. 10
Scale: 1-2 underground floors, 5 above-ground floors, 4 buildings

Acquisition of LEED certification for green buildings
Since becoming the first Korean company to receive LEED (Leadership in Energy and Environmental Design) certification from the U.S. Green Building Council, a body that certifies green buildings and architectures, POSCO E&C has had 14 of its buildings LEED-certified, as of the first half of 2017. In addition, through the incorporation of eco-friendly technologies such as the adoption of building commissioning, minimization of energy waste and operational problems, enhancement of air tightness, use of eco-friendly adhesives and carpeting, and prevention of the summer heat island phenomenon by way of rooftop landscaping, POSCO E&C is leading the construction of eco-friendly cities.

86
| Cultural / Exhibition / Athletic | | Accommodations / Medical / Education / Special Facilities |

<table>
<thead>
<tr>
<th>Project</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tri-Bowl (Korea)</td>
<td>2008.10 ~ 2010.02</td>
</tr>
<tr>
<td>Art Center Incheon (Korea)</td>
<td>2009.05 ~ 2016.08</td>
</tr>
<tr>
<td>Convensia (Korea)</td>
<td>2005.03 ~ 2008.06</td>
</tr>
<tr>
<td>Lotte Hotel &amp; Resort Yangon (Myanmar)</td>
<td>2014.02 ~ 2017.05</td>
</tr>
<tr>
<td>Songdo International School (Korea)</td>
<td>2006.05 ~ 2009.06</td>
</tr>
<tr>
<td>Seoul Metropolitan Children’s Hospital (Korea)</td>
<td>2005.11 ~ 2008.01</td>
</tr>
<tr>
<td>Heavy Ion Accelerator Complex (RAON) (Korea)</td>
<td>2017.02 ~ 2020.08</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scale</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 underground floor, 3 above-ground floors</td>
<td></td>
</tr>
<tr>
<td>2 underground floors, 7 above-ground floors</td>
<td></td>
</tr>
<tr>
<td>1 underground floor, 4 above-ground floors</td>
<td></td>
</tr>
<tr>
<td>Two-building complex (558 rooms)</td>
<td></td>
</tr>
<tr>
<td>1 underground floor, 5 above-ground floors</td>
<td></td>
</tr>
<tr>
<td>1 underground floor, 6 above-ground floors (300 beds)</td>
<td></td>
</tr>
<tr>
<td>2 underground floors, 4 above-ground floors; 14 experimental labs/facilities &amp; accelerators</td>
<td></td>
</tr>
</tbody>
</table>
**Stakeholder Engagement and Materiality Assessment**

To obtain a diverse range of opinions from the six categories of stakeholders—all of which directly and indirectly influence business management—POSCO E&C maintains communication channels that vary according to their separate characteristics. In order to identify and manage issues affecting POSCO E&C’s sustainability every year, we analyze sustainability management issues and identify those to be prioritized as material issues. We then establish response strategies for the identified issues, and share the subsequent activities and results with each stakeholder in a transparent manner.

### STEP 1. Deriving a pool of sustainability management issues

In order to identify a pool of issues facing POSCO E&C, we analyzed international standards, media reports, benchmarking, and internal management conditions.

- **International standard analysis:** ISO 26000, DJSI, SASB, etc.
- **Media analysis:** 4,588 major news media items (Jan.-Dec. 2016)
- **Benchmarking analysis:** 12 domestic & overseas construction companies
- **Analysis of internal management conditions:** Internal data such as business performance & action plans

### STEP 2. Prioritizing issues

A materiality assessment was conducted, following the report content principles of the GRI (Global Reporting Initiative) Guidelines. The materiality assessment, conducted from May-June 2017, derived 12 reporting issues and identified six material issues, sustainable general issues.

### STEP 3. Managing material issues

For these six material issues, we identified risks and opportunities, and developed countermeasures accordingly. The associated activities and results are managed by the corresponding divisions, and improvements are carried out on a continuous basis.

### STEP 4. Monitoring and follow-up reporting

The year’s performance outcomes are compiled in a sustainability report. The report is submitted to the board of directors and a feedback process takes place. The report is also shared with all stakeholders in online and offline forms.

---

**MATERIALITY ASSESSMENT**

<table>
<thead>
<tr>
<th>MATERIALITY ISSUES</th>
<th>RELEVANT STAKEHOLDERS</th>
<th>GRI ASPECT</th>
<th>PAGE REFERENCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated risk management</td>
<td>Employees, Investors, Sub-contractors</td>
<td>Economic performance, Industrial safety &amp; health, Emissions</td>
<td>73</td>
</tr>
<tr>
<td>Creating economic performance through management innovation</td>
<td>Employees, Investors</td>
<td>Economic performance</td>
<td>5-6, 13-40</td>
</tr>
<tr>
<td>Strengthening global business</td>
<td>Employees, Investors</td>
<td>Economic performance</td>
<td>5-6, 13-40</td>
</tr>
<tr>
<td>Identifying &amp; investing in future growth engines</td>
<td>Employees, Investors, Sub-contractors</td>
<td>Economic performance</td>
<td>5-6, 13-40</td>
</tr>
<tr>
<td>Responding to climate change</td>
<td>Environment, Local Communities</td>
<td>Energy, Compliance</td>
<td>9-12</td>
</tr>
<tr>
<td>Practicing effective management</td>
<td>Employees, Customers, Sub-contractors</td>
<td>Employment, Training and Education</td>
<td>31-36</td>
</tr>
<tr>
<td>Ensuring workplace safety &amp; health</td>
<td>Employees, Sub-contractors</td>
<td>Industrial safety &amp; health</td>
<td>45-48</td>
</tr>
<tr>
<td>Ensuring social safety &amp; health</td>
<td>Employees, Customers, Sub-contractors</td>
<td>Employment, Training and Education</td>
<td>31-36</td>
</tr>
<tr>
<td>Developing employee capability</td>
<td>Employees, Customers, Investors</td>
<td>Employment, Training and Education</td>
<td>31-36</td>
</tr>
<tr>
<td>Building a happy corporate culture</td>
<td>Employees, Sub-contractors</td>
<td>Anti-corruption</td>
<td>49-52</td>
</tr>
<tr>
<td>Contributing to local community development</td>
<td>Local Communities</td>
<td>Local community, Indirect economic impacts</td>
<td>51-56</td>
</tr>
<tr>
<td>Co-prosperity and win-win growth with sub-contractors</td>
<td>Sub-contractors</td>
<td>Indirect economic impacts</td>
<td>61-64</td>
</tr>
<tr>
<td>Integrated risk management</td>
<td>Employees, Investors, Sub-contractors</td>
<td>Economic performance, Industrial safety &amp; health, Emissions</td>
<td>73</td>
</tr>
<tr>
<td>Creating economic performance through management innovation</td>
<td>Employees, Investors</td>
<td>Economic performance</td>
<td>5-6, 13-40</td>
</tr>
<tr>
<td>Strengthening global business</td>
<td>Employees, Investors</td>
<td>Economic performance</td>
<td>5-6, 13-40</td>
</tr>
<tr>
<td>Identifying &amp; investing in future growth engines</td>
<td>Employees, Investors, Sub-contractors</td>
<td>Economic performance</td>
<td>5-6, 13-40</td>
</tr>
<tr>
<td>Responding to climate change</td>
<td>Environment, Local Communities</td>
<td>Energy, Compliance</td>
<td>9-12</td>
</tr>
<tr>
<td>Practicing effective management</td>
<td>Employees, Customers, Sub-contractors</td>
<td>Employment, Training and Education</td>
<td>31-36</td>
</tr>
<tr>
<td>Ensuring workplace safety &amp; health</td>
<td>Employees, Sub-contractors</td>
<td>Industrial safety &amp; health</td>
<td>45-48</td>
</tr>
<tr>
<td>Ensuring social safety &amp; health</td>
<td>Employees, Customers, Sub-contractors</td>
<td>Employment, Training and Education</td>
<td>31-36</td>
</tr>
<tr>
<td>Developing employee capability</td>
<td>Employees, Customers, Investors</td>
<td>Employment, Training and Education</td>
<td>31-36</td>
</tr>
<tr>
<td>Building a happy corporate culture</td>
<td>Employees, Sub-contractors</td>
<td>Anti-corruption</td>
<td>49-52</td>
</tr>
<tr>
<td>Contributing to local community development</td>
<td>Local Communities</td>
<td>Local community, Indirect economic impacts</td>
<td>51-56</td>
</tr>
</tbody>
</table>
ON-SITE SAFETY MANAGEMENT

OUR APPROACH

As the issue of safety & health becomes an ever-growing social concern in Korea, the government is strengthening public policies and regulations for industrial safety & health. In particular, in Korea, rapid construction is done on a tight schedule for the lowest price, leading to working conditions in which laborers and heavy equipment for performing various works are placed together pell-mell in a limited amount of space, along with temporary structures. As such, the construction industry is rife with unfeasible construction practices that neglect proper measures for safety. Meanwhile, despite expanding our safety & health system every year and initiating a range of safety improvement activities, POSCO E&C faced the worst safety & health management crisis since our founding when an explosion occurred at the construction site of the Namyangju double-track railway in 2016. Accordingly, corporate management places the highest value on safety & health, and is mobilizing every capability to improve the safety management system with a mid- to long-term view.

Direction of safety & health initiatives

POSCO E&C considers safety & health as the company’s highest value. To achieve a Top Safety & Health Culture, all employees, including the CEO, have been involved in SSS—formerly called “Self-directed Safety Spread” activities to create a pleasant and safe working environment.

Safety & health organization

To enable immediate implementation of the CEO’s safety & health management policy throughout all sites, POSCO E&C maintains a safety & health organization. For quick decision-making on safety & health issues, we have established a Safety and Health Center under the direct control of the CEO, as well as safety technology sections within the four major business divisions to supplement technical safety.

Continuous development of our safety & health system

To ensure a safe working environment throughout the entirety of every project, the safety & health work processes established and implemented by POSCO E&C go beyond legislative and regulatory requirements. In addition, having acquired domestic and overseas certificates (KOSHA18001 and OHSAS18001) for our safety & health management system, our work and business sites are in line with global safety and health standards. To ensure optimal operation of the company’s safety & health management system, POSCO E&C is constantly monitoring and improving all safety & health standards and processes. We conduct regular internal audit to check safety & health management system during both construction and operation phases.

Executives’ voice

Based on an advanced safety & health management system and infrastructure, we are integrating our power of execution to create a pleasant and safe working environment.

In particular, in Korea, rapid construction is done on a tight schedule for the lowest price, leading to the practice of safety & health culture, all the way from the CEO to every member in the field. We are striving to further improve the practice of a safety & health culture, at all levels of management in the industry. On this basis, we are striving to further the practice of a safety & health culture, all the way from the CEO to every member in the field. We are continuously strengthening the company’s safety & health power of execution through self-directed safety & health inspections and a range of activities.

As the issue of safety & health becomes an ever-growing social concern in Korea, the government is strengthening public policies and regulations for industrial safety & health. In particular, in Korea, rapid construction is done on a tight schedule for the lowest price, leading to the practice of safety & health culture, all the way from the CEO to every member in the field. We are striving to further improve the practice of a safety & health culture, all the way from the CEO to every member in the field. We are continuously strengthening the company’s safety & health power of execution through self-directed safety & health inspections and a range of activities.

POSCO E&C’s safety & health management system and infrastructure are at the highest level in the industry. On this basis, we are striving to further the practice of a safety & health culture, all the way from the CEO to every member in the field. We are continuously strengthening the company’s safety & health power of execution through self-directed safety & health inspections and a range of activities.

Creating safety & health culture practices

The company’s top management initiates regular on-site safety & health inspections and training, and encourages members at every level to participate in safety & health activities. Through Safety Talks, the CEO receives reports from site managers about on-site safety & health conditions, and conveys requests and directives involving safety & health issues. Another representative example of initiatives by top management is Safety Contact, a platform used to share safety & health information before every meeting. In addition, customized safety & health training programs are offered at every level. We conduct safety leadership training for site project managers, safety practices training for construction managers, and multi-lingual video tutorials for foreign workers.

On-site safety inspections & training with CEO

Assessment of industrial accident prevention activities

Conversion rate (Domestic construction industry average 0.57%)

0.25

On-site inspections & training

12 (site points)

Safety & health best practice competitions

To enhance the company’s safety competitiveness, all employees may take part in safety & health (best practice) competitions, including the CEO. Best practices presented in the competition are applied in the field, helping to create an environment that aims to achieve ZERO伤亡.
To identify on-site hazards and make immediate improvements, POSCO E&C has adopted a standard safety activity cycle based on SSS activities. In this action program, managers of POSCO E&C and its sub-contractors participate in self-directed safety duties at certain times during the work day, enabling the systematic implementation of daily safety & health activities.

**Focused Case**

- Daily standard safety activity cycle based on safety SSS activities

**Safety & Health Management Capabilities**

To ensure that every business partner participating in construction is equipped with adequate safety & health management capabilities, we perform rigorous verification and provide support at every stage of partner registration, assessment, and feedback. At the ‘registration stage,’ we examine the prospective partner’s basic safety & health management capabilities, such as the CEO’s stance on safety & health, organizational structure, and company accident record. At the ‘bidding stage,’ we relay our company’s safety and health standards in detail. Companies which have won bids are supported in establishing safety & health management plans. At the ‘implementation stage,’ we monitor the implementation of safety & health management plans and exchange feedback. Lastly, in the ‘assessment stage,’ we perform quarterly assessments of sub-contractors’ safety & health management implementation. Sub-contractors in the top 5% receive incentives equivalent to those given to outstanding partners identified in the comprehensive performance assessment. Meanwhile, sub-contractors in the bottom 5% are penalized according to stage.

**Future Directions**

Making 2017 the first year in the establishment of a new safety & health culture, our aim is to elevate “safety & health implementation capabilities, awareness, and infrastructure” to higher levels. Towards this end, we plan to strengthen self-initiated safety & health implementation capabilities (for example, establishing standard safety activity cycles), improve safety & health awareness and capacity at all staffing levels, and establish advanced accident prevention systems.
Environmental management promotion system

With an environmental vision grounded in the POSCO Group Environmental Management Policy, POSCO & E&C is pursing deep implantation of a Green Culture, establishment of Green Processes, and activation of Green Business. In June 2016, POSCO & E&C acquired the latest ISO 14001:2015 certification. We have also implemented the POSCO & E&C Environmental Management System (POEMS), a system for managing environmental plans, data, regulations, etc., optimized for the construction industry.

**OUR APPROACH**

**BUSINESS**

- **PROCESSES**
  - Establishing a Green Culture
  - Creating a Green Environment
  - Establishing an Environmental Management System (ISO 14001)
  - Operation of computerized environmental management
  - Development of environmental construction system

**CREATING**

- Eco-Save: environmental campaign
- A GREEN: Voluntary environment management of construction sites
- Support for Green partnership of partner company

**ESTABLISHING**

- Establishment of international environmental management (ISO 14001)
- Operation of computerized environmental management
- Development of environmental construction system

**ACTuating**

- Strengthened on green building and renewable energy
- Eco-friendly design and technology development
- Retention of green certifications and R&D capacity building

**Sustainable growth based on eco-friendly construction**

**Eco-Save: Creation of an environmental management culture**

In 2017, POSCO & E&C launched an environmental protection and waste reduction initiative under the slogan ‘Eco-Save’. Associated activities include environmental campaigns, modularization of best ‘green’ practices, and reinforced environmental risk management.

<table>
<thead>
<tr>
<th>2016 economic impacts from Green Partnerships</th>
<th>Waste recycling rate</th>
<th>Voluntary on-site environmental improvement activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste management</td>
<td>8.75</td>
<td>5,359</td>
</tr>
</tbody>
</table>

**Voluntary improvement activities**

Each site has taken ownership of voluntary environmental management improvement activities, and each strives to attain ZER0 environmental accidents.

<table>
<thead>
<tr>
<th>Waste recycling rate</th>
<th>69.9</th>
</tr>
</thead>
</table>

Employees themselves directly identify issues on the site, and implement solutions tailored to the situation. In this way, priority cases requiring improvement can be managed intensely. At the same time, all employees are encouraged to achieve self-directed change.

**Carbon management support for business partners, towards realizing a low carbon society**

Since 2015, POSCO & E&C has been participating in the Ministry of Trade, Industry & Energy's Green Partnership Project, conducting continuous coaching projects for business partners in areas such as building carbon management systems. POSCO & E&C supported carbon management programs for 10 partner companies in 2015 and 14 in 2016, enabling our sub-contractors to expand their carbon management and greenhouse gas (GHG) reduction activities.

**Major support programs**

<table>
<thead>
<tr>
<th>Strategy and training</th>
<th>Support for carbon reduction activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Supply chain carbon management support agreements and support plans</td>
<td>- Energy diagnosis and facilities improvement by construction materials producers</td>
</tr>
<tr>
<td>- Carbon management diagnosis of each sub-contractor to support strategies and roadmaps for achieving low carbon</td>
<td>- Improvement of construction methods and equipment by construction contracting companies</td>
</tr>
<tr>
<td>- Training &amp; education on climate changes, environmental regulations, and industrial safety</td>
<td>- Acquisition of low carbon product certification for construction products</td>
</tr>
</tbody>
</table>

**Establishment of carbon management systems**

<table>
<thead>
<tr>
<th>Expansion and development of carbon management tools and processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>- GHG inventories of each sub-contractor</td>
</tr>
<tr>
<td>- Expert inspection each sub-contractor’s GHG emissions</td>
</tr>
<tr>
<td>- Development of tools and manuals for calculating the GHG emissions of each sub-contractor</td>
</tr>
</tbody>
</table>

**Focused case**

As an exemplar of best practices for transforming industry through sustainable development, POSCO & E&C was invited to the annual meeting of the 2017 Asia Europe Environment Forum, held under the theme of “Sustainable Development Goals and Financing: No Longer Business as Usual”. The presentation by POSCO & E&C was well received as it described efforts to create a low carbon society through green partnerships projects in the construction industry, as well as the associated greenhouse gas reduction and economic impacts of such projects.

The Asia-Europe Environment Forum (ENVForum) is a gathering of officials, professionals and experts from such fields as politics, finance, environment and civil society. As a platform for knowledge exchange, it seeks institutions and cases in sustainable development. It is a joint endeavor of entities including the Asia-Europe Meeting (ASEM), Institute for Global Environmental Strategies (IGES), the Asia-Europe Foundation (ASEF), and Germany’s Heinrich Böll Foundation (HBS).

**EXECUTIVE’S VOICE**

“We are reinforcing proactive, anticipative support for the green environment.”

Kyu-min Kang, Director of POSCO E&C Innovation Division
Design stage
Eco-friendly construction methods and technologies
To reduce energy use and greenhouse gas emissions, we are working on developing and adopting methods and facilities appropriate for the construction industry. In 2016, we worked with LED product manufacturers to develop home construction lighting, and piloted the results in the Dogo Tunnel project. And for the first time in Korea, we applied inverter panel boards to slope drivers to cut down on the overconsumption of oil.

Green certifications
In a quest to create more comfortable and pleasant interior & exterior environments and to increase building values, POSCO E&C is pursuing green certifications both domestic and abroad. Through practices like energy and resource conservation, use of materials with a low carbon footprint and reduced harmful substances, water conservation technologies such as water-saving fixtures, and eco-friendly construction and management, most of our projects in Korea have received Green Building certification. POSCO E&C has the nation’s highest number of LEED (Leadership in Energy and Environmental Design) certifications from the U.S. Green Building Council. Fourteen of our individual buildings have been certified, as well as our Songdo complex, which received LEED NO (Neighborhood Development) certification. Notably, the Songdo Art Center was certified LEED Silver level through features such as abundant green and open spaces, water conserving fixtures, eco-friendly interior finishing materials, and indoor air quality management.

Eco-friendly green design
POSCO E&C provides eco-friendly residential housing with high energy efficiency by applying green architectural design. To respond to government policy in advance, we have devised strategies for reducing energy consumption by 60 percent, researching optimal design methods to comply with public notices on construction standards for energy-saving green houses. In addition, POSCO E&C has established standards on airtight performance management to realize energy savings in apartment buildings, as well as minimize air leakage, air infiltration, and other problems caused by the stack effect. POSCO E&C applies eco-friendly materials for healthy and comfortable indoor environments. The interior finishing materials and adhesives are green building materials with low VOCs (volatile organic compounds) and low formaldehyde emissions. We also apply rigid polyurethane foam (XSI 1 kind 3d) insulation known as PIR in residential buildings which not only counteracts the spread of fire, but also reduces environmental pollutants through low ODP (Ozone Depletion Potential) index.

Environmental management systems for improved environmental efficiency
In response to growing consumer concern with heating & cooling costs in residential environments, POSCO E&C has developed and applied a building environment performance and energy analysis system based on an integrated information management technology known as Building Information Modeling (BIM). BIM is used to convert 2D data into 3D designs, to maintain databases of building data, and to optimize factors like sunlight, view, and cooling & heating. In 2016, this system was applied to 11 project sites, including POSCO The Sharp Apartments in Myeongji-dong, Busan and Yeouido Parc 1 in Seoul. We plan to apply it to all construction sites afterwards.

Purchasing & procurement stage
Purchasing & Procurement
To promote the use of low-carbon products and technologies, POSCO E&C holds briefings for prospective sub-contractors, the POSCO E&C R&D, and purchasing contracts Division. The briefings seek to share awareness of low-carbon products, as well as discuss topics like performance improvement measures for partners’ low-carbon products and technologies and purchasing promotion plans. Based on these activities, we plan to expand procurement of low-carbon products in the future.

Support for sub-contractors’ development of eco-friendly products
POSCO E&C contributes to sub-contractors’ expansion of eco-friendly green product development and the opening up of new sales channels by supporting low-carbon product certification and carbon footprint calculation of personal products. The associated achievements in 2016 included three cases of low-carbon product certification and four cases of carbon footprint assessment and verification for sub-contractors’ products. By purchasing these products, POSCO E&C successfully expanded its procurement of green products.

Discovering new enterprises through Green Partnerships
Through the Green Partnership initiative, Shin-gwang Pump Co., a supplier of industrial pumps, received support from POSCO E&C in their work on standardized remanufactured pumps and related business. Their standardized remanufactured high-capacity industrial centrifugal pump volute, used to intake water from rivers, dams, etc., demonstrates the same quality as a brand-new product, enabling annual cost reductions of KRW 1.1 billion* for pump replacement and operations.

Construction stage
Modularization of best environmental management practices
POSCO E&C has modularized some of our case-by-case responses to on-site environmental management, and apply them from the early stages of a project. By analyzing cases linked to environmental factors such as dust, waste, noise, and vibration, according to the type of construction (e.g., apartments, buildings, roads), we achieve not only rigorous environmental management of worksites, but also cost reductions. For example, when racing urban high-rises, we apply environmentally-friendly methods to prevent environmental impacts from noise, dust, and demolition waste. And when performing civil works, we rig the earthwork vehicles and other machinery with eco-friendly equipment to minimize air and road pollution. These measures have led to the reduction of environmental impacts such as GHG emissions, reducing environmental complaints, and shorter construction periods, leading to lower costs.

Reinforcement of on-site waste management
Waste management is becoming a bigger and bigger issue due to the shortage of landfills and an increase in disposing work, which accounts for 12 to 25 percent of all waste. In response, POSCO E&C has devised ways to reinforce on-site waste management. We are reinforcing field guidance at sites where large amounts of waste are generated, addressing the sorting and recycling of each type of waste. In addition, we investigate exemplary processing companies every quarter and share that information at demolition sites or sites in the early stages of construction. We also provide ‘conscientious waste pouches’ to laborers working in apartment buildings for collecting daily personal trash.

Waste management
Fine dust and particulate matter have recently become a major social issue in Korea, making it all the more important to reduce the dispersion of fugitive dust, one of the primary causes of fine dust. In response, nine large domestic construction companies, including POSCO E&C, have signed voluntary agreements to establish and implement dust management plans to reduce dust dispersion around construction sites. Equipment to control dust generation and dispersion in each emissions-causing process has been installed, and other proactive voluntary efforts include cleaning roads near construction sites and using spraying equipment for dust suppression.

Communication stage
Open competitions for exemplary cases and ideas for eco-friendly green construction
An open competition was held by POSCO E&C seeking exemplary cases and ideas for eco-friendly construction practices. Targeting field and office staff, partner companies, and students of The Sharp apartments, the competition raised environmental awareness and helped to minimize environmental impact. Judged according to the criteria of environmental improvement, utility, and economic efficiency, six cases were awarded prizes. Among the prize-winners were a business model for the standardization of a low-carbon precast slab produced with recycled slag, and a waste recycling eco-station on apartment complex premises.

POSCO E&C
CREATING ANOTHER SUCCESS STORY

OUR APPROACH

A company’s major competitive power starts with talents. In particular, the construction industry requires a high level of technical expertise in order to create a safe urban infrastructure. Thus, building up a basis for the individual capacity of employees, and for the continuous improvement of that capacity, is paramount. POSCO E&C aims to have global talents and business-minded talents to achieve becoming a ‘Smart Player in Steel Construction & Concession.’ Through preemptive support and management, POSCO E&C is committed to fostering professionals capable of being global market leaders.

Human resources management system

POSCO E&C is securing and fostering global talent that will lead change with their advanced thinking, advanced technology, and advanced passion. POSCO E&C aims to have talented human resources possessing global competence, a spirit of challenge, creativity, and a strong work ethic. That is the definition of the Right People—global players, creators, and implementers.

Strengthening Organizational Culture • Benefits

Standardized group-wide ranking system and professional training system

Since 2015, we have adopted a position or ‘P-ranking’ system, uniformly applied throughout the POSCO Group, to standardize job ranks, positions, and duties, creating a culture of unity and cooperation within the organization. In the future, we will select outstanding human resources among local employees recruited overseas and assign them the same P-rankings used by employees at headquarters, thus actively fostering them at the same uniform levels. We have also adopted the PCP (POSCO Certified Professional) system to select qualified employees in specific fields and encourage their careers on a professional growth track, empowering them create high performance results.

Extension of the retirement age

To ensure that company employees can maintain their quality of life following retirement, POSCO E&C has implemented a retirement extension system that extends the retirement age to 60. Together with this, a wage peak system is being applied starting at age 56. Further, an interim payment system is also being implemented to prevent decreases in the value of pension benefits.

Balance between work and family

We are working to improve work-life balance by modifying the work schedule system towards reduced working hours, for instance through flexible work schemes and a partial day leave system. A newly-established system of leave for fertility treatments is being offered to married employees. In addition, we have adjusted maternity subsidies, offering congratulatory gifts of money to new biological or adoptive parents.

EXECUTIVE’S VOICE

At POSCO E&C, human resources are considered the most important factor in the company’s competitiveness. By identifying the needs of employees in advance, we are able to proactively provide support. ’The Plus’ campaign is one way of enhancing awareness and improving the organizational culture. At the same time, we are continuously securing core competencies to stay at the forefront of an industrial environment that is transforming into Industry 4.0.

‘We are cultivating entrepreneurial professionals capable of bringing a strong sense of responsibility to their work.’

Kim Hee-dae,
managing director of HR Support Division

MATERIALITY ISSUES

CREATING ANOTHER SUCCESS STORY

IMPROVING THE ORGANIZATIONAL CULTURE
Talent Acquisition
POSCO E&C has set up a fair and impartial hiring process to recruit both new and experienced personnel with global competence and expertise. During the hiring process, an objective and consistent system is applied to assess all applicants, without discriminating on the basis of factors like nationality, gender, or religion.

Organizational restructuring
In 2016, POSCO E&C merged with POSCO Engineering and the engineering headquarters were newly reorganized. POSCO Engineering specialized in the design of infrastructure zones, such as plants, railways, and ports, with a focus on overseas projects. By consolidating, POSCO E&C looks forward to strengthened design capabilities and a synergistic effect in overseas project awards. In addition, POSCO E&C intends to enhance management efficiency, including management processes and personnel structure. Meanwhile, in preparation for the Industry 4.0 paradigm, POSCO E&C has established a smart automation group to support B&O for future IT technology.

Global talent development

Leadership training
We provide leadership training to cultivate the staff competencies required for the roles of each position. To equip staff in advance with the necessary skills for their job titles, we provide support through e-learning, leadership certification exams, and strategic task performance.

Training core job specialists
To activate overseas awards and reinforce project implementation capabilities, we are cultivating specialists in selected core areas such as overseas sales contract management and risk management. Outstanding talents from each business division are selected to receive training tailored to their job duties. In 2016, a total of 152 job specialists were produced.

Training experts in AI/artificial intelligence
To respond to Industry 4.0, we are cultivating experts in artificial intelligence (AI). We aim to prepare high-level specialized personnel in a training course with four phases, ranging from a beginner-level course that focuses on recognizing the necessity of artificial intelligence and understanding the basic concepts to joint research projects with outside experts. Through this initiative, we intend to leverage technologies such as IoT and Big Data to achieve business optimization and create future value.

General PM (Project Manager) Training Course
This training course aims to prepare PMs to carry out every phase of a project, from planning awards to executing EPC. The training contents mainly address improving the essential competencies of General PMs, such as project management and management leadership. The six-month course covers theoretical learning, task performance, and on-the-job training, in that order. Notably, towards enhancing the execution capabilities of overseas project and generating future competitiveness, special courses for executives and training courses on decision-making situations were added in 2017. Since 2005, a total of 362 general PMs have been fostered.

Construction & Management Academy
We operate a construction management academy that offers a total of 78 courses, subdivided by business division and the associated positions and duties. In this way, we foster professionals based in various job areas, such as sales, E&C technology, PM themes, and management.

Training core job specialists
To activate overseas awards and reinforce project implementation capabilities, we are cultivating specialists in selected core areas such as overseas sales contract management and risk management. Outstanding talents from each business division are selected to receive training tailored to their job duties. In 2016, a total of 152 job specialists were produced.

Training experts in AI/artificial intelligence
To respond to Industry 4.0, we are cultivating experts in artificial intelligence (AI). We aim to prepare high-level specialized personnel in a training course with four phases, ranging from a beginner-level course that focuses on recognizing the necessity of artificial intelligence and understanding the basic concepts to joint research projects with outside experts. Through this initiative, we intend to leverage technologies such as IoT and Big Data to achieve business optimization and create future value.

F O C U S E D  C A S E  •  B u i l d i n g  a  s t r o n g ,  v i b r a n t  o r g a n i z a t i o n a l  c u l t u r e :  T h e  P l u s  c a m p a i g n

POSCO E&C the Plus! A robust organizational culture that overcomes crises through leadership initiatives and the voluntary participation of employees!

To build a strong, vibrant organizational culture, we are carrying out the Plus campaign. We identify and implement “association-oriented” tasks aimed at achieving management goals through enhanced competitiveness, by transforming minds of all staff and combining collective competences.

Performance-based evaluation and compensation system
We are operating an evaluation and compensation system centered on individual capabilities and performance. In particular, the Matrix Assessment System targets organizations that rely on strong working relationships with other departments. As the results are reflected in performance evaluations, the system serves to encourage interdepartmental cooperation and coordination. In 2017, we have made improvements to the compensation systems for managerial and office positions as well as staff working in the field, thereby reinforcing the business and field-based compensation systems.

Respect for human rights and sound labor-management relations
In order to establish an organizational culture of respect for human rights, we conduct human rights monitoring in each half of the year in addition, through regular meetings with labor-management councils and labor unions, we strive to establish sound relations between labor and management based on mutual respect and understanding. Activating channels of communication between employees enables personnel to discuss key management-related issues and matters such as the labor conditions. The diverse opinions and views of company staff are gathered and reflected in management activities.

Course category Training specifics

Foundational course Understanding basic concepts of artificial intelligence
Basic course Nurturing entry-level professionals through acquiring basic knowledge and solving short-term tasks
Intensive course Learning/practicing techniques for AI algorithms and applications
Master training Joint research projects linked with outside professional organizations

F O C U S E D  C A S E  •  B u i l d i n g  a  s t r o n g ,  v i b r a n t  o r g a n i z a t i o n a l  c u l t u r e :  T h e  P l u s  c a m p a i g n

POSCO E&C the Plus! A robust organizational culture that overcomes crises through leadership initiatives and the voluntary participation of employees!

To build a strong, vibrant organizational culture, we are carrying out the Plus campaign. We identify and implement “association-oriented” tasks aimed at achieving management goals through enhanced competitiveness, by transforming minds of all staff and combining collective competences.

Performance-based evaluation and compensation system
We are operating an evaluation and compensation system centered on individual capabilities and performance. In particular, the Matrix Assessment System targets organizations that rely on strong working relationships with other departments. As the results are reflected in performance evaluations, the system serves to encourage interdepartmental cooperation and coordination. In 2017, we have made improvements to the compensation systems for managerial and office positions as well as staff working in the field, thereby reinforcing the business and field-based compensation systems.

Respect for human rights and sound labor-management relations
In order to establish an organizational culture of respect for human rights, we conduct human rights monitoring in each half of the year in addition, through regular meetings with labor-management councils and labor unions, we strive to establish sound relations between labor and management based on mutual respect and understanding. Activating channels of communication between employees enables personnel to discuss key management-related issues and matters such as the labor conditions. The diverse opinions and views of company staff are gathered and reflected in management activities.

Course category Training specifics

Foundational course Understanding basic concepts of artificial intelligence
Basic course Nurturing entry-level professionals through acquiring basic knowledge and solving short-term tasks
Intensive course Learning/practicing techniques for AI algorithms and applications
Master training Joint research projects linked with outside professional organizations

F O C U S E D  C A S E  •  B u i l d i n g  a  s t r o n g ,  v i b r a n t  o r g a n i z a t i o n a l  c u l t u r e :  T h e  P l u s  c a m p a i g n

POSCO E&C the Plus! A robust organizational culture that overcomes crises through leadership initiatives and the voluntary participation of employees!

To build a strong, vibrant organizational culture, we are carrying out the Plus campaign. We identify and implement “association-oriented” tasks aimed at achieving management goals through enhanced competitiveness, by transforming minds of all staff and combining collective competences.

Performance-based evaluation and compensation system
We are operating an evaluation and compensation system centered on individual capabilities and performance. In particular, the Matrix Assessment System targets organizations that rely on strong working relationships with other departments. As the results are reflected in performance evaluations, the system serves to encourage interdepartmental cooperation and coordination. In 2017, we have made improvements to the compensation systems for managerial and office positions as well as staff working in the field, thereby reinforcing the business and field-based compensation systems.

Respect for human rights and sound labor-management relations
In order to establish an organizational culture of respect for human rights, we conduct human rights monitoring in each half of the year in addition, through regular meetings with labor-management councils and labor unions, we strive to establish sound relations between labor and management based on mutual respect and understanding. Activating channels of communication between employees enables personnel to discuss key management-related issues and matters such as the labor conditions. The diverse opinions and views of company staff are gathered and reflected in management activities.

Course category Training specifics

Foundational course Understanding basic concepts of artificial intelligence
Basic course Nurturing entry-level professionals through acquiring basic knowledge and solving short-term tasks
Intensive course Learning/practicing techniques for AI algorithms and applications
Master training Joint research projects linked with outside professional organizations

F O C U S E D  C A S E  •  B u i l d i n g  a  s t r o n g ,  v i b r a n t  o r g a n i z a t i o n a l  c u l t u r e :  T h e  P l u s  c a m p a i g n

POSCO E&C the Plus! A robust organizational culture that overcomes crises through leadership initiatives and the voluntary participation of employees!

To build a strong, vibrant organizational culture, we are carrying out the Plus campaign. We identify and implement “association-oriented” tasks aimed at achieving management goals through enhanced competitiveness, by transforming minds of all staff and combining collective competences.

Performance-based evaluation and compensation system
We are operating an evaluation and compensation system centered on individual capabilities and performance. In particular, the Matrix Assessment System targets organizations that rely on strong working relationships with other departments. As the results are reflected in performance evaluations, the system serves to encourage interdepartmental cooperation and coordination. In 2017, we have made improvements to the compensation systems for managerial and office positions as well as staff working in the field, thereby reinforcing the business and field-based compensation systems.

Respect for human rights and sound labor-management relations
In order to establish an organizational culture of respect for human rights, we conduct human rights monitoring in each half of the year in addition, through regular meetings with labor-management councils and labor unions, we strive to establish sound relations between labor and management based on mutual respect and understanding. Activating channels of communication between employees enables personnel to discuss key management-related issues and matters such as the labor conditions. The diverse opinions and views of company staff are gathered and reflected in management activities.

Course category Training specifics

Foundational course Understanding basic concepts of artificial intelligence
Basic course Nurturing entry-level professionals through acquiring basic knowledge and solving short-term tasks
Intensive course Learning/practicing techniques for AI algorithms and applications
Master training Joint research projects linked with outside professional organizations
Preventive pre-move-in inspection
We preemptively manage customer complaints throughout every phase, from ordering to maintenance. We prevent hype advertising to provide accurate information to customers. During the construction stage, we refer to previous defects and complaints in the construction technology guidelines to prevent repeat problems. In particular, we take preemptive steps such as reinforcing pre-move-in quality inspection, including conscientious finishing work and cleaning, enhancing the affective quality. At the same time, we reduce the rate of repeat defects by putting experts in place to handle any defects, thus ensuring a high-quality residential environment.

Design for customer satisfaction:
‘The Sharp’ apartments
Creating cultural spaces
To elevate resident satisfaction, we have created a variety of community spaces, such as the Kids’ Pool for water play and Moms’ Café for getting together with neighbors. Besides these features, we maximize customer satisfaction through spaces like Farm Gardens for growing and harvesting your own produce, exotic wooded refuges called Camping Gardens, and Healing Parks featuring grassy lawns, fields, and man-made waterfalls.

Developing IoT device-linked applications
We are the first Korean construction company to build a wireless network environment inside apartments using ZigBee*, and have also developed five different “The Sharp IoT products” linked to it. Residents can use a mobile app exclusive to The Sharp to collectively adjust switches for lighting, heating, and standby power cut-off. We also plan to develop a smart phone service to inform residents of current conditions inside their apartment.

Meanwhile, it was quite an achievement when, among the five IoT products, we received awards for the integrated wall pad, integrated switches, and door lock at the 2017 K-Design Awards, one of Asia’s three major design awards.

After-sales service customer satisfaction
89.2
2017

Korean Standard Quality Excellence Index
Apartment sector
2016 Management assessment on
POSCO Family Companies
Brand customer loyalty
1st
KS-QEI - 9 consecutive years

Pre-move-in inspection process

Pre-move-in inspection

Overall inspection of households personally conducted by homeowner-managers, to prevent defects

Pre-completion Quality Fair
Overall quality review with personnel from construction and related departments, who reflect the feedback received

New home visiting event
Pre-completion visit from future residents, an opportunity for requests concerning areas for improvement

Final check
A final check of defects identified during earlier inspections

Move-in

CUSTOMER-CENTERED MANAGEMENT

OUR APPROACH
To achieve a competitive edge in the increasingly fierce global market, the key word is CUSTOMER VALUE CREATION. As such, many companies make customer satisfaction the top priority in every process, from product development to after-sales service. POSCO E&C is creating innovative customer value by proactively identifying the needs of residents and ordering enterprises of ‘The Sharp’ apartments. Working to prevent minor defects in the apartments and to expand a range of landscaping and community facilities in the complex, we strive to enhance the affective quality of the resident experience. Maintaining construction quality based on superior technology, while also contributing to cost savings by shortening the construction period, we raise the credibility of the owner/client.

EXECUTIVE’S VOICE
“The customer has the answers.”
POSCO E&C seeks to enhance its competitiveness by making customers the highest priority and reflecting their views throughout management. In particular, we are striving to strengthen our customer service to receive overwhelming support from our competitors. Starting with our special “Onmaum” (whole-hearted dedication) services for customers in 2012, such efforts show why in 2017, we achieved the feat of being No. 1 in the KS-QEI for the ninth year in a row.

Kyo-hoon Kim,
director, Construction Support Division 2

* ZigBee protocol:
Low-power, short-range wireless networking technology able to stably communicate small amounts of data

** The Sharp brand won first place in the apartment category in the 2017 customer brand loyalty survey conducted jointly by the Korean Customers’ Forum and Brand Keys, one of the top ten brand consulting firms in the U.S. The survey targeting consumers evaluates their brand trust, brand attachment, repurchase intention, referral intention, and switching intention.
Post-move in inspection
Enhancing resident satisfaction

During customers’ first three months of residence, POSCO E&C conducts a range of activities to enhance resident satisfaction. The ‘resident pre-inspection appointment system’ allows customers to make appointments to inspect their new homes accompanied by a manager-in-charge to provide any necessary explanations. In addition, a ‘mobile inspection system’ expedites handling of any defects identified in the initial period after move-in. Our customer-oriented post-management activities and A/S-related services for the first year after move-in are facilitated by an integrated defect diagnosis system, through which critical defects are diagnosed and corrected within 24 hours through coordination with the appropriate divisions.

Onmaum services
Our ‘Onmaum’ (whole-hearted dedication) services provide differentiated customer value and raise customer satisfaction. In addition to an array of services—cleaning services such as sterilizing mattresses and cleaning kitchen stoves; services for daily life such as bicycle repair and knife-sharpening; and sharing services, including providing carts in underground parking garages—we launched ‘Onmaum’ services to make appointments to inspect their new homes.

Entry into the resource development business in the Australian market
POSCO E&C made its first foray into the resource development business in the Australian market with the successful completion of the Marianab mining project. With optimized purchasing agreements with companies in Australia, POSCO E&C could supply facilities and equipment, which would meet the quality standards required by Australian law, not only did we minimize quality risk, but we also shortened the construction period by two to a half months. This increased profit margins and built trust with the client, thus helping to lay the groundwork for additional orders in future resource development projects in Australia.

Ongoing business propulsion through strategic partnerships with clients
POSCO E&C became the first Korean construction company to enter the Latin American energy market in 2006, when we won the contract for the Ventanas coal-fired power plant in Chile, a project ordered by the American company, AES Corporation. Our advanced construction technology and process management helped build trust with AES and won us four projects in Chile alone. Through the reinforced strategic partnership with AES, we continue to create business opportunities, including winning a contract in 2016 for the Manilaco coal-fired power plant in the Philippines.

Improving clients’ satisfaction
To improve the satisfaction of project owners/clients, POSCO E&C is carrying out various satisfaction enhancement activities such as quality improvement and construction period reduction. We are also creating additional business opportunities through established partnerships based on trust.

Improving quality management maturity
In recognition of the fact that quality is at the root of customer satisfaction, POSCO conducts quality management assessment targeting all POSCO family companies. The assessment consists of three areas: customer satisfaction, internal competence, and win-win cooperation. On top of proactive quality innovation measures, like supporting the establishment of an autonomous quality management system and obtaining quality management certifications, POSCO E&C demonstrated steady quality innovation activities compared to the previous year, and was able to achieve the highest score among the family of companies.

Improving quality management maturity
In recognition of the fact that quality is at the root of customer satisfaction, POSCO E&C is carrying out various satisfaction enhancement activities such as quality improvement and construction period reduction. We are also creating additional business opportunities through established partnerships based on trust.

Preemptive quality risk response system
We are preemptively responding to quality risks, and operating on-site autonomous quality control systems to prevent serious defects. At construction sites, we conduct training visits and quality audits. In the case of sites where quality management is subpar, we focus on providing customized support and publish quality management manuals and guides, seeking to ensure consistent levels of quality and to improve the work capabilities of quality managers.

Acquisition of quality management certification
We have obtained KEPIC (Korea Electric Power Industry Code) certification in the field of nuclear power plant structural design. As a national standard of the electric power industry, KEPIC provides detailed specifications on methods and procedures for the design, manufacture, construction, and operation of nuclear power plants to ensure their safety. To obtain KEPIC certification, having an organization specialized in nuclear design and securing the associated competencies are part of the prerequisites. With this certification, POSCO E&C has created the foundation for nuclear power plant EPC (engineering, procurement, construction) turnkey projects, from design to construction. Meanwhile, our ASME 5-stamp certification for the design, manufacture and installation of thermal power generation was renewed, and we became the first in the Korean construction industry to acquire the ISO9001:2015 conversion certification, the international standard for quality management systems.

Strengthening our global quality capabilities
To reflect the standardized quality requirements of POSCO E&C at both domestic and overseas sites, we support the quality control efforts of overseas subsidiaries and projects. Professional quality managers are placed at overseas sites to implement quality management. Towards improving the business competence of managers, we also support partners in acquiring international quality qualifications. In establishing special quality agreements with overseas project construction partners in 2017, we clearly indicate quality standards by attaching the quality requirements to agreements at the time of contract. We also select outstanding human resources in the field of project management and foster them through training to become experts in overseas on-site quality management. We are strengthening our global quality management capabilities through various training courses, such as the practical field application of quality management systems, intensive training on overseas quality control, and training courses for internationally registered certified auditors.

POSTIM* Activation Campaign
We are activating POSTIM (POSCO Total Innovation Methodology), a POSCO Group-wide innovation system. Other innovation activities are underway in the areas of project-based work methods, cost reductions and risk improvement, and smart work environments. We are committed to improving quality competitiveness by creating a company-wide culture of innovation.

* POSTIM (POSCO Total Innovation Methodology) Integrated innovation methodology of POSCO Group companies

- FOCUSED CASE - Establishment of the AS materials management system campaign

By building a mobile logistics management system and logistical warehouses in region-specific hubs, we are seeking to systematically manage AS materials and materials for post-occupancy management. This system enables real-time investigation of the whole AS materials inventory. Expected effects include the ability to collect immediate customer feedback, reduce redundancy costs, and cut costs through integrated ordering when materials run low.
WIN-WIN GROWTH

As the scope of our corporate business expands to the global market, the company's network widens and win-win cooperation throughout the entire supply chain is emerging. In particular, due to nature of the construction business, which relies on frequent dealings with sub-contractors, a top priority in building competitiveness across the entire enterprise in the development of enterprise projects is strategic and advanced partnerships. In its relationships with sub-contractors, POSCO E&C considers the establishment of advanced partnerships to be the key element for win-win growth. By actively introducing win-win growth support programs, we are making every effort to strengthen our partners’ own inherent competitiveness.

Dedicated organization for supply chain management

As part of our efforts to support partner companies, POSCO E&C is proactive in setting up a range of programs for win-win growth. In the future, to contribute to increased sales and profitability for our partner companies, we intend to actively promote joint overseas expansion. In addition, to strengthen our network with overseas partner companies, we plan to hold more purchasing roadshows and expand channels of communication through the Global Partner portal.

EXECUTIVE’S VOICE

Kim Tae-guk, director, Outsourcing purchasing office

“In the construction industry, direct purchase and material procurement with partner companies is inevitable. As part of our efforts to support partner companies, POSCO E&C is proactive in setting up a range of programs for win-win growth. In the future, to contribute to increased sales and profitability for our partner companies, we intend to actively promote joint overseas expansion. In addition, to strengthen our network with overseas partner companies, we plan to hold more purchasing roadshows and expand channels of communication through the Global Partner portal.”

We have financial support programs to help our sub-contractors to concentrate on their business operations without worrying about funding required for production and operations. We directly established a low-interest loan fund to provide support for loans to sub-contractors. We also help sub-contractors with weak credit to secure capital liquidity, enabling them to receive loans through e-commerce guarantees from credit rating agencies on the basis of transaction records and contracts.

Technical support

POSCO E&C’s competitiveness is directly linked to the quality and technology of its partners. So, we provide funding support for joint R&D on new technologies and collaborate with partners through joint patent applications and registration. We also have a Benefit sharing program to share jointly-created achievements with sub-contractors. In addition, POSCO E&C provides unstinting support to reinforce technological competitiveness with sub-contractors, including the transfer of patented technology.

Management support

In order to support stable operations in sub-contractors’ business, we provide customized support, including technical consulting, in such areas as IT, office systems, process innovation, business ethics, and safety management training. Through SME vocational training programs, we help improve sub-contractors’ technical competitiveness by supporting customized educational design for areas such as technology, IT, and office management. In addition, POSCO E&C provides annual investment funds through its Industry Innovation campaign to support sub-contractors’ QSS (Quick Six Sigma) innovations.

Sustainability management support

POSCO E&C provides sub-contractors with ethics education and safety training in order to spread a culture of sustainable management and improve their competencies. To encourage sub-contractors to establish self-contained safety management systems, we carry out inspections and consulting on safety management activities, targeting partners wishing to obtain KOSHA 18001 certification. In the first half of 2017, one sub-contractors acquired the certification through this program. Even after certification, we plan to continue to provide customized support for post-auditing follow-up and renewal reviews.

POSCO E&C

Promoting win-win growth with sub-contractors

POSCO E&C initiatives include various support systems for co-prosperity with sub-contractors based on four major directions, including financial, technical, management, and sustainability support, along with two-way communication.

In addition, we have reorganized a dedicated organization to expand the scope of win-win growth with sub-contractors to overseas markets, and are strengthening communication with local overseas sub-contractors, as well.

Major partner support programs for win-win growth

Financial support

We have financial support programs to help our sub-contractors to concentrate on their business operations without worrying about funding required for production and operations. We directly established a low-interest loan fund to provide support for loans to sub-contractors. We also help sub-contractors with weak credit to secure capital liquidity, enabling them to receive loans through e-commerce guarantees from credit rating agencies on the basis of transaction records and contracts.

Technical support

POSCO E&C’s competitiveness is directly linked to the quality and technology of its partners. So, we provide funding support for joint R&D on new technologies and collaborate with partners through joint patent applications and registration. We also have a Benefit sharing program to share jointly-created achievements with sub-contractors. In addition, POSCO E&C provides unstinting support to reinforce technological competitiveness with sub-contractors, including the transfer of patented technology.

Management support

In order to support stable operations in sub-contractors’ business, we provide customized support, including technical consulting, in such areas as IT, office systems, process innovation, business ethics, and safety management training. Through SME vocational training programs, we help improve sub-contractors’ technical competitiveness by supporting customized educational design for areas such as technology, IT, and office management. In addition, POSCO E&C provides annual investment funds through its Industry Innovation campaign to support sub-contractors’ QSS (Quick Six Sigma) innovations.

Sustainability management support

POSCO E&C provides sub-contractors with ethics education and safety training in order to spread a culture of sustainable management and improve their competencies. To encourage sub-contractors to establish self-contained safety management systems, we carry out inspections and consulting on safety management activities, targeting partners wishing to obtain KOSHA 18001 certification. In the first half of 2017, one sub-contractors acquired the certification through this program. Even after certification, we plan to continue to provide customized support for post-auditing follow-up and renewal reviews.

Financial support

Low-interest loan fund

269

Joint application/ registration of patents

17

Sustainability management education for partner companies

Corporate ethics and safety management education

6,118

Transfer of patented technologies

34

Revenue generated (Unit: KRW billion)

246.6
Strengthening partnerships with business partners

In order to maintain continuous business relationships with outstanding sub-contractors, which form the basis of our corporate competitiveness, we employ a variety of communications channels, including meetings with excellent companies and roadshows with overseas companies.

At an Outstanding Partners Meeting in 2016, awards were presented to sound business partners, and their grievances and difficulties were aired. In 2017, we reinforced incentives, such as rewards for outstanding employees at sub-contractors, and promoted a roadshow in Thailand for communication with overseas business partners. We will continue to strengthen our partnerships.

Transparent dealings with sub-contractors

Total Cost of Ownership (TCO) purchasing

TCO consists of the purchase price of a purchased product or service plus costs incurred during and after delivery to the customer. POSCO E&C applies TCO purchasing for major transactions over a certain amount. We diagnose factors like the quality management capabilities and construction capacity of prospective business partners in advance, and make sure that the final bidders are exemplary companies. This helps to ensure construction quality and prevent additional costs being incurred after contract, arising from production delays, design changes, and delays in the construction schedule.

Open sourcing system

We have adopted an open sourcing system to alleviate barriers to the entry of new suppliers. This serves to reinforce competitiveness by securing a larger pool of excellent suppliers. At the same time, to mitigate the risks of an open sourcing system, we have made the basic registration eligibility and verification process more stringent. In order to manage CSR (corporate social responsibility) risk with regard to suppliers, contracts since 2014 have included provisions related to a code of ethics that reflects human rights and labor provisions set forth by global initiatives such as the Universal Declaration of Human Rights, the United Nation Guiding Principles on Business and Human Rights (UNGPs), the International Labor Organization (ILO), and the ISO 26000 social responsibility guidance standard. Among our domestic contracts, 98 percent adhere to the pertinent ethical provisions.

In order to manage CSR (corporate social responsibility) risk with regard to suppliers, contracts since 2014 have included provisions related to a code of ethics that reflects human rights and labor provisions set forth by global initiatives such as the Universal Declaration of Human Rights, the United Nation Guiding Principles on Business and Human Rights (UNGPs), the International Labor Organization (ILO), and the ISO 26000 social responsibility guidance standard. Among our domestic contracts, 98 percent adhere to the pertinent ethical provisions.

Registration Process for Business Partners

<table>
<thead>
<tr>
<th>Step</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Basic business information</td>
</tr>
<tr>
<td>2</td>
<td>Selection of items to be registered</td>
</tr>
<tr>
<td>3</td>
<td>Recruitment notice</td>
</tr>
<tr>
<td>4</td>
<td>Document review &amp; technical assessment</td>
</tr>
<tr>
<td>5</td>
<td>Registration assessment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Performance assessment</td>
</tr>
</tbody>
</table>

Realizing social value through business transactions

To contribute to addressing social problems, POSCO E&C strives to secure diversity in its supply chain through our supplier transactions. Since 2014, we have entered into a strategic alliance agreement with companies that are certified as standard workplaces for the disabled, and we are steadily expanding purchases of goods handled by such companies. In this way, we are contributing to the promotion of disabled employment and ultimately giving people with disabilities the opportunity to grow through their roles as members of society.

By actively seeking out companies that hire the disabled as well as partners committed to addressing social problems, we plan to continue to expand the scope of targets for our business transactions and purchasing.
POSCO E&C MATERIALITY ISSUES

SOCIAL CONTRIBUTION

THE DEVELOPMENT OF LOCAL COMMUNITIES HAS A DIRECT POSITIVE IMPACT ON ENTERPRISE, AND LEADS TO A VIRTUOUS CYCLE THROUGH A COMPANY’S POTENTIAL GROWTH. AS SUCH, GLOBAL CORPORATIONS ARE SUSTAINING SOCIAL CONTRIBUTION ACTIVITIES BASED ON MID-TO-LONG-TERM STRATEGIES, IN ORDER TO CONTRIBUTE TO SUSTAINABLE SOCIAL DEVELOPMENT.

POSCO E&C FOCUSES ON SOCIAL CONTRIBUTION ACTIVITIES CENTERING ON DOMESTIC AND OVERSEAS STRONGHOLDS, WITH A FOCUS ON SHARING-CENTERED ACTIVITIES WITH CHILDREN AND YOUTH, OUR FUTURE GENERATIONS. MAINTAINING A LONG-TERM PERSPECTIVE, WE ARE COMMITTED TO CREATING POSITIVE CHANGE IN LOCAL COMMUNITIES AS WE CONTINUE OUR GENUINE SOCIAL CONTRIBUTION ACTIVITIES.

OUR APPROACH

The development of local communities has a direct positive impact on enterprise, and leads to a virtuous cycle through a company’s potential growth. As such, global corporations are sustaining social contribution activities based on mid-to-long-term strategies, in order to contribute to sustainable social development. POSCO E&C focuses on social contribution activities centering on domestic and overseas strongholds, with a focus on sharing-centered activities with children and youth, our future generations. Maintaining a long-term perspective, we are committed to creating positive change in local communities as we continue our genuine social contribution activities.

Direction of social contribution initiatives

POSCO E&C is committed to contributing to the spread of a sharing culture among employees and to addressing community problems through genuine social contribution activities.

- Fire prevention for improved residential environments
- Support projects for marginalized groups in regions
- Nurtnung of future human resource talent in regions
- Cultural exchange & education
- Medical aid (both Western & Oriental medicine)
- Supplying goods to marginalized groups
- Talent donation volunteer activities

EXECUTIVE’S VOICE

“Through the practice of ‘sharing, we will create a compassionate tomorrow’.”

The social contributions of POSCO E&C can be embodied by the keyword ‘future.’ We aim to bring happiness to all stakeholders in order to create a warm and compassionate tomorrow. For Korea, in particular, following the theme of nurturing future talent, we plan to continue to foster talented human resources in Korea and to provide a range of support programs for children and youth in developing countries.

College student volunteers ‘Happy Builders’

Every year, POSCO E&C selects participants for a college student volunteer group called “Happy Builder.” By providing college students with an opportunity to utilize their talents and experience diverse global cultures, we help to foster warm-hearted and talented individuals possessing fire and passion. The 50 students selected in 2016 took part in a variety of domestic and overseas social contribution programs conducted by POSCO E&C, performing an average of 117.4 hours of sharing activities per person.

Public-private cooperation partnership

In cooperation with government agencies and embassies in various countries, we are carrying out social contribution activities both at home in Korea and abroad. In 2016, we performed activities in a variety of public-private partnerships, including the Korea Foundation (a public diplomacy organization under the Ministry of Foreign Affairs); the Korea Foundation for International Culture Exchange (under the Ministry of Culture, Sports and Tourism); the Central Fire Service; and Inha University Hospital. These active and ongoing social contribution activities supported not only cultural education for youth, educational equipment, and cultural exchange festivals, but also medical aid for residents near our overseas project sites.

Infrastructure of a sharing culture

POSCO E&C upper management shows initiative in social contribution activities, inspiring all members to relate to the importance of a sharing culture. In addition, by leveraging elements of our social contribution infrastructure—for instance, the 1% Sharing Campaign, public-private partnerships, and employee volunteer groups—we are seeking ways to contribute to local community development.

POSCO 1% Sharing Campaign

Our company actively participates in the POSCO Group 1% Sharing Campaign. In 2016, with an employee participation rate of 87.5 percent, generating contributions of KRW 570 million, plus matching funds from the company, POSCO E&C donated a total of KRW 1.14 billion to the POSCO 1% Sharing Foundation. We regularly share information on fundraising and details on activities in the company through the company’s internal 1% Sharing Letter.

Talent donation volunteer groups

Employees of POSCO E&C are sharing their talents with local communities. As of 2017, 11 groups are donating their talents. Besides construction training and improvement of residential environments, activities which take advantage of skills intrinsic to the construction business, the different groups’ varied activities also include photography, choral singing, and mentoring.

Infrastructure of a sharing culture

POSCO E&C is committed to contributing to the spread of a sharing culture among employees and to addressing community problems through genuine social contribution activities.
Contributing to cooperation and development in regional strongholds in Korea
Fire prevention and residential environment improvement

In cooperation with local fire departments in the vicinity of POSCO E&C construction sites, we carry out renovations for the residentially disadvantaged whose homes are vulnerable to the risk of fire. We help make residential environments safer and more comfortable through activities like replacing old wiring and other fire inspection activities, helping to buy fire prevention safety items, and subsidizing home fire insurance. In 2016, our volunteer activities included providing flame-retardant window and wall treatments in 10 social welfare facilities across the country. We also provided disadvantaged households in each region with basic fire protection equipment, such as smoke alarms and fire extinguishers.

Supporting the disadvantaged in regions

Employees at major project sites—including in Incheon, Pohang, Gwangyang, and Busan—regularly conduct seasonal social contribution activities for the region’s less advantaged residents.

Activities | Details
--- | ---
Sharing rice cake soup with the elderly for the Lunar New Year | Serving rice cake soup, presenting gift packages
Delivering gifts to marginalized household during Family Month | Presenting gifts for local children’s welfare centers—making carnations, writing letters to the elderly, handing out packages of daily necessities
Sharing chicken soup on Buddha Day during the summer | Sharing sotgimari (Korean chicken soup) with students unable to continue their studies due to economic difficulties
Sharing cold weather kits with marginalized groups for winter festivity | Giving out cold weather kit, including shirts, hats, gloves, understanding

Activities Details

- Sharing rice cake soup with the elderly for the Lunar New Year
- Delivering gifts to marginalized households during Family Month
- Sharing chicken soup on Buddha Day during the summer
- Sharing cold weather kits with marginalized groups for winter festivity

One of POSCO E&C’s leading social contribution activities is supporting community centers for children. For the eighth year, we helped support the hopes and dreams of children from low-income households in Incheon. One of our long-standing relationships has been formalized between 37 of our districts and 37 children’s centers in Incheon. Once a month, our company’s members support children’s recreational activities, academic tutoring, and cultural experiences, as well as providing assistance in such forms as wallpapering and facility maintenance.

Construction Education Academy for the free semester initiative

POSCO E&C launched the Construction Education Academy, a course of study aimed at 1,016 students from 24 middle schools who are taking advantage of the recently-introduced free semester initiative. The academy is one of an MOU with Incheon Metropolitan City and the city Office of Education. Personnel from POSCO E&C, along with college student volunteers, serve as mentors and helpers, providing basic knowledge about the construction industry, as well as field experience. In this way, local youths are able to cultivate construction-related knowledge.

Children’s Choral Competition

POSCO E&C launched the 2013 Children’s Choral Competition in Incheon. The 2017 Incheon Children’s Choral Competition, in its second year, provides children in the region with an opportunity to demonstrate their musical talent, as well as supporting the qualitative growth of children’s singing culture.

Dream Tree Scholarships

POSCO E&C awards ‘Dream Tree (Ggum-namu) Scholarships’ to students unable to continue their studies due to economic difficulties. The scholarship fund is created through such activities as a ‘jogging’ of top company executives as well as outside honoraries hired by company members. We plan to continue supporting all young people committed to studying, enabling them to keep their dreams and hopes alive as they concentrate on their academic work.

Cultural exchange and education

We are working to spread the culture of the Korean Wave (Hallyu) to other parts of the world by developing public-private cooperation projects with the Korea Foundation for International Culture Exchange. As part of this effort, we support cultural content, such as Korean movies screenings and samulnori percussion performances, as well as cultural exchange features featuring K-POP performances. We are also actively promoting Korean culture and tradition to local areas through education. Cultural exchange activities took place in Masinloc (the Philippines) and Krakow (Poland) in 2016, and in Yangon (Myanmar) in 2017.

Expansion of Overseas Social Contribution Activities

Philippines
- Global Bridge cultural exchange (2016)

Myanmar
- Support for marginalized groups (2016)
- Oriental medicine medical aid (2017)

Poland
- Global Harmony cultural exchange (2016)
- Multimedia equipment donation ceremony (2016)

Vietnam
- Medical aid activities (2016)

Bilateral cultural exchange festivals were held, largely through the efforts of Happy Builders and young local volunteers. Social contribution activities included Korean cultural education, such as NANTA rhymic performing arts and taekwondo martial arts, and donations of educational equipment.

Medical Support with Western & Oriental Medicine

In connection with Inha University Hospital, we provide free medical care and health screenings to residents in areas where medical infrastructure is lacking, including Myanmar and Vietnam, among others. In 2016, we helped local residents in the vicinity of the Da Nang-Quang Ngai Highway in Vietnam to receive medical care (family medicine, rehabilitation medicine, dentistry, pediatrics, and surgery), as well as pharmaceuticals. Some 1,100 local residents benefited. In 2017, a volunteer group of Oriental medicine practitioners delivered care at a national traditional medicine hospital in Yangon, Myanmar. About 2,300 local residents received traditional Korean medical treatments such as acupuncture, moxibustion, and herbal medicine granules. Healthcare professionals from both countries also benefited from exchange and cooperation at an academic seminar.

Material support for the disadvantaged

We provide supplies to disadvantaged and disaster-stricken people. In addition to offering essential supplies, such as daily necessities and emergency relief kits, we also provide additional social infrastructure support, such as demonstrations of rainwater facilities. We also help raise the quality of education by donating multimedia centers for students and educational equipment.

1994
- Commenced community service activities

2004
- Launched the POSCO E&C Science Team

2010
- Signed an MOU with Inha University Hospital for medical social contribution activities
- Received the Ministry’s Award from the Ministry of Health and Welfare at the 10th National Social Welfare and Volunteerism Awards
- Received the Forbes CSR Award from Forbes Korea
- Received the Prime Minister’s Honorary Citation of the Korea Volunteer Service Awards

2011
- Signed an MOU with Inha University for the Construction Education Academy
- Received the Chosen Award in the Ministry of Health, Sports and Tourism and Korea Coast Guard

2012
- Signed MOUs with the Ministry of Culture, Sports and Tourism and Korea Coast Guard
- Received the Chosen Award in the Ministry of Health and Welfare for the Korea Productivity Awards
- Signed an MOU with the Ministry of Justice for the Korea Disaster Social Assistance

2013
- Received the Mayor’s award from Incheon Metropolitan City in recognition of contributions to community development and child welfare

2014
- Signed a business agreement with the Korea Foundation, a public diplomacy organization under the Ministry of Foreign Affairs
- Organized a multicultural support group for the 17th Asian Games in Incheon
- Carried out overseas social contribution activities in Chile

2016
- Launched the Construction Education Academy for the middle school free semester initiative
- Established a children’s choir competition
- Performed volunteer activities for the Mekong River Beautiful

2015
- Launched the POSCO E&C talent donation volunteer group
- Conducted the prevention activities for better residence program
- Received the Mayor’s award from Incheon Metropolitan City in recognition of contributions to community development and child welfare

A History of Our Sharing Culture
Board composition
The Board of Directors at POSCO E&C is composed of six members, including three internal executive directors and three external non-executive directors. Two of the non-executive directors are appointed by the Public Investment Fund (PIF), a sovereign wealth fund of Saudi Arabia, contributing to the increased transparency and independence of the Board's decision-making process.

Role and operation of the Board of Directors
The Board of Directors deliberates and makes resolutions on major managerial issues, statutory requirements, and other essential matters that directly or indirectly affect the business objectives stated in the Articles of Incorporation.

In 2016, 13 board meetings were held, at which the Board approved amendments to the board's operating regulations and the merger with POSCO Engineering. In particular, in October 2016, the Board resolved to revise its regulations to enable it to focus on strategic decision-making. Accordingly, measures such as higher criteria for submitting agenda items and abridged regulations for regular Board meetings are in place to increase operational efficiency. Potential risk from these changes is being mitigated through the project council and Management Sessions.

Management Sessions are held periodically, at least once a year, in which participating executives and directors discuss various issues not addressed at Board meetings. Three meetings took place in 2016, held in Dubai, Songdo, and Saudi Arabia. At a 2017 meeting held in Songdo, key management issues and current business status were shared, and attendees discussed mid-to-long-term strategy and the human resources system.

Audit system
Through a resolution of the General Meeting of Shareholders, one auditor is appointed to perform accounting and business auditing. Internal devices are in place to facilitate access to the management information required for auditing, ensuring independent authority. A Corporate Audit Department exists as a separate entity in an auxiliary capacity to conduct internal auditing.

Shareholder composition
With the shareholding participation of the Saudi Asian Investment Company of the Public Investment Fund (PIF), shares of POSCO E&C are held by POSCO (52.8%), PIF (38.0%), Pohang University of Science and Technology (POSTECH) (2.1%), and employees & minority shareholders (7.1%).

---

**Category** | **Name** | **Career highlights**
--- | --- | ---
Executive directors | Chan-Ran Han | Current CEO of POSCO E&C, former VP of POSCO Daewoo
Woo-Kyu Lee | Current VP of POSCO E&C, former Senior Managing Director of POSCO
Yong-I Lee | Current Senior Managing Director of POSCO E&C, former Director of POSCO E&C
Non-executive directors | In-Hye Chung | Current VP of POSCO
Mohammad A. Abunayyan | Current President of ACWA POWER
Ahmed A. Al Subaiey | Current VP of Aramco
COMPLIANCE

Ethical Business Management System

Based on our vision of ‘Clean POSCO E&C’ we are strengthening our ethical management and fair trade promotion capabilities. By establishing a culture of compliance in which we conform to basics and principles in all our work, we intend to spread the value of integrity and fairness throughout the entire company, and the trust that goes along with them. In particular, since 2016, we have upgraded our business operating system through the integrated management of strategies, programs, and training on ethical management and fair trade.

Strategic goals Proposition direction

- Enhancing monitoring to prevent unethical conduct
- Increasing synergy through participatory education
- Continuously strengthening the compliance program to mitigate anti-bribery and corruption risk
- Regularly checking legal compliance
- Enhancing participatory education for subcontracting disputes with subcontractors
- Strengthening preventive activities

Amendment of the Code of Conduct

In 2003, POSCO E&C enacted its Code of Conduct. In 2017, the Ethics Charter and Practical Guidelines were amended to concretize the Improper Solicitation and Graft Act and the four major forms of ethical misconduct. Following an earlier 2015 revision which had clarified guidelines on ethical misconduct, this latest revision was implemented as a timely proactive response to changes in laws and regulations related to ethics management, and to promote employees’ understanding.

Managing ethical and anti-corruption risk

We run something called the Clean POSCO System, which requires all recommendations and solicitations to be reported in order to block excessive requests concerning any sort of contract, preferential treatment in personnel matters, or special accommodations outside of accepted practice. All employees are required to register the incident on POSCO’s Clean System if they receive recommendations/solicitations from stakeholders. When POSCO employees register such an incident, they are granted merit recognition in the ethical and fair trade implementation program, leading to the promotion of employee awareness and overall activation of the program. Details of requests can be registered online or via a mobile app for ethical management.

Reference to the ethics counseling line on employees’ business cards

Starting in August 2015, we have listed the contact information for the ethics counseling line at the bottom of company business cards. In January 2016, we added a statement on privacy protection. Through this, we are expressing our commitment to ethical practices and promoting ethics counseling to stakeholders.

Reinforced training on ethics and fair trade

We provide compliance training to all employees, according to division and job function. In addition to offline training about ethics, fair trade, and auditing cases, we also provide training using a quiz-style SNS platform to improve our employees’ understanding. Notably, the Corporate Audit Department conducted a training for all employees in response to the Improper Solicitation and Graft Act, which went into effect in September 2016, to prevent any violations of the law. In addition, we increased the professionalism of ethics training for sub-contractors by having it delivered by visiting trainers from our Corporate Audit Department, rather than under the supervision of our construction managers.

Reinforced prevention of overseas anti-bribery and corruption risk

On our Ethics Management web page, we provide guidelines for compliance with anti-corruption law translated into Vietnamese, Chinese, and Portuguese. In addition, we identify any potential risk in overseas service contracts and agent contracts in excess of KRW one billion. In cases of high-risk services, the Ethics Committee holds deliberations before proceeding with the contract. Since 2016, we have conducted bimonthly anti-corruption risk monitoring, selecting compliance leaders in corporations and construction sites in countries low on the Corruption Perceptions Index (CPI).

Minimizing risk of illegal violations by subcontractors

We put in place a system to prevent any violations of the law, the Ethics and Fair Trade Compliance System. In response to the fortified regulations and penalties of the Fair Trade Commission, we are constantly monitoring legal compliance, and urge immediate and voluntary correction of any violations. We have four fair trade guidelines and utilize standard subcontracting contracts, and also employ an electronic contract system to manage the entire purchasing process with fairness and transparency. At the same time, key issues related to fair trade are shared frequently with all employees through pop-up windows and reports posted on the employee intranet portal.

Strengthened prevention of subcontracting disputes

As part of our efforts to establish an ethical and fair trading system, we have Start-up Councils (made up of standing auditors and construction managers from POSCO E&C together with representatives and construction managers of sub-contractors) at newly-launched construction sites to form joint agreements on ethical management practices and fair trade compliance. At eight construction sites, we operate subcontracting ‘Clean-Up’ sites, providing case-based education and consulting on regulations related to subcontracting disputes. Through this, we are propagating relevant training throughout the field.

Staff ethics training given by standing auditor

Reinforced monitoring with external stakeholders

Before the Lunar New Year and Chuseok holidays, we send out letters about the ‘ethical holiday culture’ to the CEOs and construction managers of sub-contractors, signed by standing auditor. After these traditional holidays, we survey sub-contractors’ construction managers to gauge the ethical standards of our own employees. In addition, following semiannual ethical training for sub-contractors’ construction managers, we conduct fair trade surveys to measure our company’s fair trade compliance.

Joint pledge ceremony, pledging to comply with ethical practice and fair trade

Strengthened monitoring of external stakeholders

For advance detection and prevention of possible subcontracting disputes, we perform monthly monitoring to predict potential disputes at construction sites.
Risk management at the initial order stage

In the initial order stage, besides holding project briefings, risk review meetings, and deliberations by the project council before an order is placed, the final decision-making on bidding goes forward through an assessment of project (PJT) soundness and a profit margin management guideline tool which quantifies country, client, commodities, job estimates, project conditions, etc. In particular, we reinforce the risk guideline tool that quantifies country, client, commodities, job estimates, project conditions, etc., on a country-by-country basis. In addition, database management at overseas construction sites, such as the environment, CSR (corporate social responsibility) risk factors requiring common management at overseas construction sites, such as the environment, safety, process, and quality. Through Country Reports, we also identify risk and opportunity factors for cost, quality, speed, and safety, the key elements of construction management.

Global CSR Risk Management

In order to increase the efficiency of risk management in overseas projects, we apply the PLC (Project Life Cycle) checklist to share CSR (corporate social responsibility) risk factors requiring common management at overseas construction sites, such as the environment, safety, process, and quality. Through Country Reports, we also apply the areas of QHSE (Quality, Health, Safety, Environment) to systematically manage issues related to national laws and regulations, local labor conditions, etc., on a country-by-country basis. In addition, database content is created based on various risk factors that occur at particular construction management maturity.
## FINANCIAL INFORMATION

### Consolidated Statement of Financial Position

#### For the Period Ended December 31, 2015

<table>
<thead>
<tr>
<th>Item</th>
<th>End of 35th Fiscal Year</th>
<th>End of 34th Fiscal Year</th>
<th>End of 33rd Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5,073,501,500,227</td>
<td>4,211,552,734,688</td>
<td>3,772,194,610,972</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>6,254,341,703,320</td>
<td>5,728,035,795,300</td>
<td>4,907,109,210,309</td>
</tr>
<tr>
<td>Inventories</td>
<td>523,014,820,059</td>
<td>461,362,967,916</td>
<td>370,035,930,405</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>331,133,404,690</td>
<td>353,014,469,859</td>
<td>331,035,469,859</td>
</tr>
<tr>
<td>Unamortized construction</td>
<td>94,034,301,700</td>
<td>118,952,079,989</td>
<td>134,180,965,809</td>
</tr>
<tr>
<td>Investments</td>
<td>14,890,736,576</td>
<td>12,224,409,716</td>
<td>12,570,573,056</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>7,823,514,107,467</td>
<td>8,244,068,894,889</td>
<td>8,366,264,715,014</td>
</tr>
<tr>
<td><strong>Total capital and liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>5,242,529,125,743</td>
<td>4,946,996,485,451</td>
<td>5,380,811,161,956</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>7,823,514,107,467</td>
<td>8,244,068,894,889</td>
<td>8,366,264,715,014</td>
</tr>
</tbody>
</table>

### Consolidated Statements of Comprehensive Income

#### For the Period Ended December 31, 2015

<table>
<thead>
<tr>
<th>Item</th>
<th>End of 35th Fiscal Year</th>
<th>End of 34th Fiscal Year</th>
<th>End of 33rd Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating costs and expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other income and expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted for non-controlling interests</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Minority interests</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Earnings attributable to the owner of the parent</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Earnings per share of the owner of the parent</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating income attributable to the minority interests</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Basic earnings per share of the parent</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Diluted earnings per share of the parent</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

POSCO E&C and its subsidiaries

Unit: KRW

FINANCIAL INFORMATION

APPENDIX

**Consolidated Statement of Financial Position**

For the Period Ended December 31, 2015

<table>
<thead>
<tr>
<th>Item</th>
<th>End of 35th Fiscal Year</th>
<th>End of 34th Fiscal Year</th>
<th>End of 33rd Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5,073,501,500,227</td>
<td>4,211,552,734,688</td>
<td>3,772,194,610,972</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>6,254,341,703,320</td>
<td>5,728,035,795,300</td>
<td>4,907,109,210,309</td>
</tr>
<tr>
<td>Inventories</td>
<td>523,014,820,059</td>
<td>461,362,967,916</td>
<td>370,035,930,405</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>331,133,404,690</td>
<td>353,014,469,859</td>
<td>331,035,469,859</td>
</tr>
<tr>
<td>Unamortized construction</td>
<td>94,034,301,700</td>
<td>118,952,079,989</td>
<td>134,180,965,809</td>
</tr>
<tr>
<td>Investments</td>
<td>14,890,736,576</td>
<td>12,224,409,716</td>
<td>12,570,573,056</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>7,823,514,107,467</td>
<td>8,244,068,894,889</td>
<td>8,366,264,715,014</td>
</tr>
<tr>
<td><strong>Total capital and liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>5,242,529,125,743</td>
<td>4,946,996,485,451</td>
<td>5,380,811,161,956</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>7,823,514,107,467</td>
<td>8,244,068,894,889</td>
<td>8,366,264,715,014</td>
</tr>
</tbody>
</table>

---

POSCO E&C and its subsidiaries

Unit: KRW

FINANCIAL INFORMATION

APPENDIX

**Consolidated Statement of Comprehensive Income**

For the Period Ended December 31, 2015

<table>
<thead>
<tr>
<th>Item</th>
<th>End of 35th Fiscal Year</th>
<th>End of 34th Fiscal Year</th>
<th>End of 33rd Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating costs and expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other income and expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted for non-controlling interests</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Minority interests</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Earnings attributable to the owner of the parent</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Earnings per share of the owner of the parent</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating income attributable to the minority interests</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Basic earnings per share of the parent</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Diluted earnings per share of the parent</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 1. GHG emissions and intensity

### 1.1. GHG emissions by type

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit 2014</th>
<th>Unit 2015</th>
<th>Unit 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope1</td>
<td>31,318</td>
<td>31,614</td>
<td>30,539</td>
</tr>
<tr>
<td>Scope2</td>
<td>4,205</td>
<td>5,639</td>
<td>4,676</td>
</tr>
<tr>
<td>Scope3</td>
<td>2,716</td>
<td>4,500</td>
<td>3,616</td>
</tr>
<tr>
<td>Total</td>
<td>34,347</td>
<td>42,089</td>
<td>38,825</td>
</tr>
</tbody>
</table>

### 1.2. Emissions per unit

<table>
<thead>
<tr>
<th>Emission type</th>
<th>GHG emission (ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope1</td>
<td>0.75</td>
</tr>
<tr>
<td>Scope2</td>
<td>0.22</td>
</tr>
<tr>
<td>Scope3</td>
<td>0.50</td>
</tr>
</tbody>
</table>

### 1.3. Emissions per revenue

| Emission type             | Emission (ton) / revenue (KRW)
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope1</td>
<td>0.003</td>
</tr>
<tr>
<td>Scope2</td>
<td>0.0009</td>
</tr>
<tr>
<td>Scope3</td>
<td>0.0025</td>
</tr>
</tbody>
</table>

### 1.4. GHG emissions intensity

<table>
<thead>
<tr>
<th>Activity</th>
<th>Emissions (ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fossil fuel use</td>
<td>143.86</td>
</tr>
<tr>
<td>Electricity</td>
<td>174.00</td>
</tr>
<tr>
<td>Steam</td>
<td>111.79</td>
</tr>
<tr>
<td>Domestic construction sites</td>
<td>498.27</td>
</tr>
<tr>
<td>Other GHG emissions</td>
<td>573.32</td>
</tr>
</tbody>
</table>

### 1.5. Energy intensity of Songdo Headquarters (KWh/m²)

<table>
<thead>
<tr>
<th>Energy intensity (KWh/m²)</th>
<th>2.1 2.4 4.5</th>
</tr>
</thead>
</table>

## 2. Energy usage by business site

### 2.1. Energy intensity

<table>
<thead>
<tr>
<th>Activity</th>
<th>Energy intensity (KWh/m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fossil fuel use</td>
<td>143.86</td>
</tr>
<tr>
<td>Electricity</td>
<td>174.00</td>
</tr>
<tr>
<td>Steam</td>
<td>111.79</td>
</tr>
<tr>
<td>Domestic construction sites</td>
<td>498.27</td>
</tr>
<tr>
<td>Other GHG emissions</td>
<td>573.32</td>
</tr>
</tbody>
</table>

### 2.2. Energy intensity of Songdo Headquarters (KWh/m²)

<table>
<thead>
<tr>
<th>Energy intensity</th>
<th>2.1 2.4 4.5</th>
</tr>
</thead>
</table>

## 3. Water usage

### 3.1. Water usage by type

<table>
<thead>
<tr>
<th>Water type</th>
<th>Usage (m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic construction sites</td>
<td>227,876</td>
</tr>
<tr>
<td>Undergrass water</td>
<td>275,742</td>
</tr>
<tr>
<td>Recycled water</td>
<td>23,599</td>
</tr>
<tr>
<td>Total</td>
<td>527,117</td>
</tr>
</tbody>
</table>

## 4. Biodiversity conservation

POSCO E&C is engaged in ecosystem conservation activities to protect plant and animal life in accordance with environmental impact assessments. On construction sites in Korea, our ecosystem protection activities have worked to save habitats of wild animals, birds, and plants including the otter, pied oystercatcher, and maehwa-mareum, a rare aquatic plant. To minimize the impact on local ecosystems in overseas construction sites, wildlife that we find is transferred to safety.
We support on-site self-directed environmental management at construction sites. In 2016, a total of 5,359 self-directed environmental management and improvement activities were conducted.

### Environmental management of sub-contractors

POSCO E&C conducts environmental impact assessments targeting sub-contractors. In 2016, a total of 536 environmental impact assessments were conducted. Among these, negative environmental impacts were identified in 126. After we requested amelioration and consulting by the sub-contractors, corrective actions were taken.

1. Sub-contractors undergoing environmental impact assessment

<table>
<thead>
<tr>
<th>Year</th>
<th>Total (Unit: companies)</th>
<th>Sub-contractors with identified negative environmental impacts</th>
<th>Sub-contractors undertaking improvements and consulting on negative environmental impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>452</td>
<td>49</td>
<td>23</td>
</tr>
<tr>
<td>2015</td>
<td>588</td>
<td>232</td>
<td>126</td>
</tr>
<tr>
<td>2016</td>
<td>536</td>
<td>23</td>
<td>12</td>
</tr>
</tbody>
</table>

### Customer Satisfaction

To maximize customer value, we implement a variety of customer satisfaction activities targeting pertinent divisions, as well as targeting personnel at sub-contractors. Thanks to these efforts, we have achieved the top ranking in the apartment quality category of the Korea Quality Satisfaction Index and 91.8 points in resident satisfaction.

### Handling employee grievances

We operate the cyber Sinnungo whistle-blower system, enabling internal and external stakeholders to report grievances related to the company and its employees, including irregularities, corruption, and poor construction, as well as violations related to fair trade. Complainants’ anonymity is completely protected. We also provide anonymous bulletin boards to gather employees’ grievances or complaints, along with suggestions, queries, and ideas for improvement.

### Customer personal information protection

To protect the personal information of our customers, including apartment residents, we have established a strict personal information protection system. We passed ISO 27001 certification, the international standard for information security, as well as post-review. We comply with the Act on Promotion of Information and Communications Network Utilization and Information Protection and the Personal Information Protection Act. We regularly conduct security drills, such as hacking simulations, on websites connected with POSCO E&C.

### Information Protection Act

We conduct security drills, such as Network Utilization and Information Protection and the Personal Information Protection system. We passed ISO 27001 certification, the international standard for information security, as well as post-review. We comply with the Act on Promotion of Information and Communications Network Utilization and Information Protection Act. We regularly conduct security drills, such as hacking simulations, on websites connected with POSCO E&C.
**1. Major contracts**

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major contracts</td>
<td>3,241</td>
<td>2,685</td>
<td>2,985</td>
</tr>
<tr>
<td>Contracts concerning human rights</td>
<td>1,086</td>
<td>1,041</td>
<td>2,955</td>
</tr>
</tbody>
</table>

**2. Ratio of agreements & contracts addressing human rights**

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>33.8</td>
<td>38.0</td>
<td>36.1</td>
</tr>
</tbody>
</table>

**Win-win Agreements and contracts considering human rights**

- When entering purchase agreements with sub-contractors, the contracts are written in consideration of human rights issues reflected in international standards such as the Universal Declaration of Human Rights and the United Nation Guiding Principles on Business and Human Rights (UNGPs). In particular, through internal process improvement undertaken in 2014, our domestic projects reflected in international standards such as the Universal Declaration of Human Rights and the United Nation Guiding Principles on Business and Human Rights (UNGPs).
- We are committed to fulfilling our corporate social responsibility by reflecting international standards for sustainable management and by carrying out a variety of related activities.

**Global Initiatives**

- **Ethics/Fair trade education**
  - Including online/offline training
  - Ethics/Fair trade education
    - Sexual harassment prevention training
    - and compliance with the Foreign Corrupt Practices Act (FCPA).
- **Contracts for our overseas projects**
  - Address matters pertaining to ethics, labor, environment, and anti-corruption.
  - **Major contracts**
    - Major contracts
    - Contracts concerning human rights
  - **Participate rate** % 132.5 137.0 147.7
  - **Hours of training time** 9,914 9,250 7,947

**Local Community**

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volunteer service hours per person</td>
<td>29</td>
<td>32.1</td>
<td>29</td>
</tr>
<tr>
<td>Total volunteer service hours</td>
<td>118,759</td>
<td>126,791</td>
<td>119,245</td>
</tr>
</tbody>
</table>

**Social contribution investments**

- **Health and safety**
  - **Audit rate**
  - POSCO E&C: Average converted accident rate (1,000 construction companies)

- **Win-win**
  - Agreements and contracts considering human rights

- **AWARDS & ASSOCIATION MEMBERSHIPS**

- **UN GLOBAL COMPACT**
  - In 2012, POSCO E&C joined the UN Global Compact and expressed our commitment to upholding the Ten Principles in the four fields of human rights, labor, environment, and anti-corruption. We are committed to fulfilling our corporate social responsibility by reflecting international standards for sustainable management and by carrying out a variety of related activities.

- **Classification**: Principles
  - **Notable actions by POSCO E&C**
    - **Human rights**
      - Businesses should support and respect the protection of all human rights recognized at international level.
      - Businesses should make a commitment to respect and support the protection of human rights (HR)
      - **Contracts for our major overseas projects**
        - Address matters pertaining to ethics, labor, environment, and anti-corruption.
        - **Major contracts**
          - Major contracts
          - Contracts concerning human rights
        - **Participate rate** % 132.5 137.0 147.7
        - **Hours of training time** 9,914 9,250 7,947
      - **Local Community**
        - **Employee volunteer service**
          - Volunteer service hours per person
          - Total volunteer service hours
      - **Social contribution investments**
        - **Health and safety**
          - **Audit rate**
          - POSCO E&C: Average converted accident rate (1,000 construction companies)
        - **Win-win**
          - Agreements and contracts considering human rights

- **Win-win**
  - Agreements and contracts considering human rights
Introduction
POSCO ENGINEERING & CONSTRUCTION CO., LTD. ("POSCO E&C") commissioned DNV GL Business Assurance Korea, Ltd. ("DNV GL"), part of DNV GL Group, to undertake independent assurance of POSCO E&C Sustainability 2016-2017 Report (the "Report"). The directors of POSCO E&C have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of POSCO E&C in accordance with the terms of reference. DNV GL’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith.

Scope of assurance
The scope of assurance includes a review of sustainability activities and performance data over the reporting period from 1 January to 31 December 2016. This also includes:

• Evaluation of the principles for defining the sustainability report content in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 4.0.
• Evaluation of the process for determining material aspects for reporting and the management approach to material issues and the process for generating, gathering and managing the quantitative and qualitative data in the Report.

Basis of our opinion
We’ve performed our work using DNV GL’s assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 1000 (ISAE 3000). We applied the limited level of assurance. The audit was carried out from August till September 2017. The site visits were made to POSCO E&C’s headquarters and the GRI G4 and Construction and Real Estate Sector Disclosure in accordance – ‘Core’ option of reporting. Further opinions with regards to the Principles for defining report content in GRI G4. In Kyoon Ahn

DNV GL Business Assurance Korea, Ltd.

APPENDIX

Appendix

POSCO E&C has conducted the materiality assessment to prepare the Report. Internal and external stakeholder survey to rate the material issues. 15 material issues are prioritised accordingly and reported under 6 topics in the report. POSCO E&C takes into account the consistent way of selecting material issues so that the decision made by the management and daily operation are fully aligned with strategic sustainability management. Especially, the dedicated safety and health team is formed to enhance the safety and health management and the CEO often visits the project site to encourage project team. The audit team has reviewed the materiality assessment process and confirms relevant material issues validated from the process are addressed in the Report.

Completeness
The Report has covered sustainability performances of POSCO E&C and management approach to material issues for the reporting period. The reporting boundary includes the operators over which POSCO E&C implements management control in 2016 which the quantified performance data for the environmental aspects are collected from the projects and main building properties only in Korea. POSCO E&C should consider expanding reporting boundary so that the material environmental and social performance data generated from international projects should be reported.

Accuracy and Reliability
We found a limited number of non-material errors and these were corrected prior to inclusion in the Report. The data presented in the report were gathered from the teams responsible for data control in POSCO E&C. The verification team interviewed the person-in-charge, reviewed the process of gathering and processing data and information, and the supporting documents and records. The depth of data verification is limited to the aggregated data. Based on sampling verification and other reported information and available evidence, nothing comes to our attention that would cause us to believe that the data and information presented in the Report have any intentional error or material misstatement.

Competence and Independence
DNV GL Business Assurance is part of DNV GL Group and a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. Our environmental and social assurance specialists are present in over 100 countries. The assurance work was performed by independent team which meets DNV GL’s competence requirements. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. The audit team has complied with DNV GL Code of Ethics during the assurance engagement.

September 2017
Seoul, Korea

In Kyoon Ahn
Country Representative
DNV GL Business Assurance Korea, Ltd.
STATEMENT OF ASSURANCE REPORT ON GHG EMISSIONS

Terms of Engagement
This Assurance Statement has been prepared at the request of POSCO E&C Co., Ltd.Lloyd’s Register Quality Assurance Ltd. (LRQA) was commissioned by POSCO E&C to assure its Greenhouse Gas (GHG) Inventory Report for the calendar year 2016 (hereafter referred to as “the Report”) and the GHG data summarized in Table 1 below. The Report has been prepared in accordance with GHG Target Management Scheme for quantification and reporting of GHG emissions in Korea. The Report relates to direct GHG emissions and indirect GHG emissions.

Management Responsibility
The management of POSCO E&C is responsible for preparing the Report and for maintaining effective internal controls over all the data and information. LRQA’s responsibility was to carry out an assurance engagement on the Report in accordance with our contract with POSCO E&C. Ultimately, the Report has been approved by, and remains the responsibility of POSCO E&C.

LRQA’s Approach
Our verification has been conducted in accordance with GHG Target Management Scheme and GHG Emissions Trading System in Korea: Specification with guidance for verification of greenhouse gas assertions to reasonable level of assurance. In order to form our conclusions we have:
• Visited sites (major plant facilities) and reviewed processes to control the data and records regarding GHG emissions and energy usage
• Interviewed the relevant persons responsible for managing and maintaining raw and consolidated data on GHG emissions
• Verified the historical data and information back to source for the calendar year 2016

Level of Assurance & Materiality
The opinion expressed in this Assurance Statement has been formed on the basis of a reasonable level of assurance and at a 5% level of materiality.

LRQA’s Opinion
Based on LRQA’s approach, except for the effect of the matter described in the following qualifications, we believe that the GHG data presented in the Report are materially correct: Some offices which POSCO E&C rented were omitted from organizational boundary. Also, the electricity usage of some contractors located in construction site offices should be excluded from the organization boundary, but were not.

GHG emissions of POSCO E&C reported in the Report

Scope (as defined in the GHG Target Management Scheme in Korea) 2016

| Direct GHG emissions | 4,675.55 |
| Energy indirect GHG emissions | 25,854.01 |
| Total GHG emissions | 30,529.56 |

Data is presented in tonnes of CO2 equivalent.

June 19, 2017
Sang-Keun Yoo

CONTRIBUTORS TO THE REPORT


We sincerely appreciate all the people who helped to publish the sustainability report.

ABOUT THIS REPORT

2016-2017 report is the sixth sustainability report published by POSCO E&C. It provides all stakeholders with transparent disclosure on the activities and performance of POSCO E&C on sustainability for the past year.

Reporting Principle
POSCO E&C Sustainability Report 2016-2017 applies the reporting guidelines of GRI (Global Reporting Initiative) and meets the core G4 standards. Financial information has been written in accordance with K-IFRS, and non-financial information has been written in accordance with GRI G4 guidelines or POSCO E&C management criteria.

Reporting Period and Boundary
This report deals with the activities and performance of POSCO E&C from January 1st to December 31st, 2016. Information which may have significant influence on stakeholders, such as governance structure, includes activities up to August 2017. Some quantitative data are reported with 3-year performance in order to ensure improvement in comparability. Reporting range includes performance in domestic business sites (does not include mutual investment companies and subsidiaries) and in major overseas business sites. Special indications have been made for parts that require special notes regarding reporting range.

Third-party Assurance
In order to guarantee the reliability of the reported information, the accuracy of data in financial information has been confirmed by an independent auditor, and non-financial information, such as environmental and social issues, have been verified by a third-party assurance institution.

POSCO E&C SUSTAINABILITY REPORT 2016-2017

For more detailed information on our sustainability report, please visit our website, where you can download a PDF version.

Publisher location
CSR Group, General Administration Division, POSCO E&C

Address
POSCO E&C Tower 1, 241, Incheon beeon-dong, Yeonsu-gu, Incheon, Korea

Tel
+82. 32. 748. 2192

Website
www.poscoenc.com
### HISTORY OF INNOVATION

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995. 08.</td>
<td>Developed MIDAS-BDS (Building Design System) program for structural analysis &amp; design</td>
</tr>
<tr>
<td>1995. 09.</td>
<td>Won contract for ARCO special steel plant in Egypt (annual production 1.4 million tons)</td>
</tr>
<tr>
<td>1995. 10.</td>
<td>Started construction of Diamond Plaza in Ho Chi Minh City, Vietnam</td>
</tr>
<tr>
<td>1996. 04.</td>
<td>Started construction of POS Plaza in Shanghai, China</td>
</tr>
<tr>
<td>1996. 07.</td>
<td>Won contract for KOBRA &amp; CO plant in Brazil</td>
</tr>
<tr>
<td>1996. 10.</td>
<td>Acquired ISO 9001 certification</td>
</tr>
<tr>
<td>1997. 01.</td>
<td>Won contract for Posven HBI (hot-briquetted iron) plant project in Venezuela</td>
</tr>
<tr>
<td>1999. 12.</td>
<td>Won contract for Tavazon blast furnace in Iran (first overseas blast furnace project by a Korean construction company)</td>
</tr>
<tr>
<td>2000. 04.</td>
<td>Obtained ISO 14001 certification</td>
</tr>
<tr>
<td>2001. 12.</td>
<td>Received order for stainless steel expansion project at Zhangjiagang Port in China</td>
</tr>
<tr>
<td>2002. 02.</td>
<td>Changed company name to POSCO E&amp;C</td>
</tr>
<tr>
<td>2002. 03.</td>
<td>Announced the # (The Sharp) apartment brand</td>
</tr>
<tr>
<td>2002. 06.</td>
<td>Obtained OHSAS 18001 certification</td>
</tr>
<tr>
<td>2003. 10.</td>
<td>Held launch ceremony for Songdo International City</td>
</tr>
<tr>
<td>2005. 03.</td>
<td>Won contract for Hadeed CCL (color-coating line) in Saudi Arabia</td>
</tr>
<tr>
<td>2005. 06.</td>
<td>Started construction of 909 Kapiolani condos in Hawaii</td>
</tr>
<tr>
<td>2006. 08.</td>
<td>Developed Splendora, first self-contained city in Vietnam</td>
</tr>
<tr>
<td>2006. 09.</td>
<td>Won contract for Ventanas coal-fired power plant in Chile</td>
</tr>
<tr>
<td>2007. 09.</td>
<td>Won contract for IISCO blast furnace in India (India's largest single plant)</td>
</tr>
<tr>
<td>2008. 04.</td>
<td>Took over Daewoo Engineering</td>
</tr>
<tr>
<td>2009. 03.</td>
<td>Won contract for Noi Bai–Lao Cai A1 section highway in Vietnam</td>
</tr>
<tr>
<td>2009. 09.</td>
<td>Received order for Kalpa Combined Cycle Plant in Peru (first Korean construction company to enter Peru market)</td>
</tr>
<tr>
<td>2010. 03.</td>
<td>Won contract for high-rise financial complex in Cambodia (Vattanac Capital Tower)</td>
</tr>
<tr>
<td>2010. 05.</td>
<td>Won contract for highway construction in Uzbekistan</td>
</tr>
<tr>
<td>2010. 05.</td>
<td>Completed Songdo office and moved in</td>
</tr>
<tr>
<td>2010. 09.</td>
<td>Won contract for desalinated water storage and recovery facility in Abu Dhabi</td>
</tr>
<tr>
<td>2011. 12.</td>
<td>Won contract for CSP integrated steelworks in Brazil, worth US $4.43bn (largest order won by a Korean construction company for an overseas steelmaking plant)</td>
</tr>
<tr>
<td>2012. 11.</td>
<td>Won contract for Krakow Waste-to-Energy Plant in Poland</td>
</tr>
<tr>
<td>2013. 04.</td>
<td>Received order for Nam Lik 1 Hydroelectric Power Plant in Laos</td>
</tr>
<tr>
<td>2015. 04.</td>
<td>Won contract for 101-story Haeyundae LCT The Sharp</td>
</tr>
<tr>
<td>2016. 02.</td>
<td>Won contract for Colon Combined Cycle Power Plant and LNG facility in Panama</td>
</tr>
<tr>
<td>2016. 07.</td>
<td>Rose to 3rd place in construction capability assessment</td>
</tr>
<tr>
<td>2016. 08.</td>
<td>Won contract for construction of Heavy Ion Accelerator Complex (KRW 291.9 billion)</td>
</tr>
<tr>
<td>2016. 11.</td>
<td>Won contract for Yeouido Parc 1 development project (KRW 1.12 trillion)</td>
</tr>
<tr>
<td>2017. 02.</td>
<td>Merged with POSCO Engineering</td>
</tr>
</tbody>
</table>