

CEO's Congratulatory Remarks

50 Years of Challenges and Achievements Geared for Greater Excellence in the Next 50 Years

POSCO, which has grown together with the Korean economy, celebrates its 50th anniversary in 2018.

POSCO was born out of a strong aspiration to build a better country. Limited capital and technology, and lack of experience in steelmaking did not deter the desire of the impoverished nation 50 years ago. POSCO faithfully practiced its founding philosophy of producing quality steel to support economic development and spearhead Korea's industrial modernization. The remarkable success story of POSCO that began in a wartorn country is considered nothing short of a miracle in the global steel industry.

POSCO's success would not have been possible without the innovative vision and devout commitment of both past and current management and employees, including Honorary Chairman Park Tae-joon. They all worked hard with unyielding passion and dedication to build a strong nation through the production of steel. The continued support and interest shown by POSCO's stakeholders including government, shareholders, suppliers, customers, partners and local communities have provided further momentum to POSCO's 50-year journey. As we celebrate our 50th anniversary, I would like to express my deepest gratitude and appreciation to all those who have contributed to making POSCO the company it is today

To commemorate this special milestone, POSCO published POSCO's 50 Years of History depicting the challenges and passion of POSCO employees, as well as the joyful and heartbreaking moments in our history. POSCO's 50 Years of History chronicles POSCO's journey from the very first groundbreaking day when we scooped up the first shovel of sand to the present day where POSCO stands firm and proud as a worldleading steelmaker having overcome countless challenges. I take great pride in sharing POSCO's story as it is not just about the growth of a single company but also of the rapid development of Korea's steel industry that enabled the country's industrialization and modernization. POSCO's 50 Years of History is further dedicated to those who have gone before us that made all our current achievements possible through their profound sacrifice and commitment.



Reflecting on our 50 years of experience will provide important insight and shed light on POSCO's future path towards the top not only in the steel industry but also in new growth business areas such as energy materials.

As POSCO journeys into the next 50 years, our founding philosophy of producing quality steel to make the country strong will also evolve with a new role required of the new times. In the past, POSCO focused on enhancing people's quality of life by contributing to Korea's economic development. As we move forward, we would like to expand our focus to solidifying our presence as a responsible corporate citizen that pursues both economic and social values.

I sincerely hope you will continue to join us with your unwavering support and interest as POSCO takes the next leap toward becoming a centennial company.

December 2018

CEO, POSCO Jw chow



CEO's Congratulatory Remarks		002
TIME LINE		008
History in Pictures		014
Chapter 01.	Birth of the Pohang Iron and Steel Company	016
01	Korean Steel Industry Prior to the Pohang Iron and Steel Company	020
02	Pursuit of the Construction of an Integrated Steelworks through KISA	022
03	Selection of Pohang as the Site for the Integrated Steelworks	024
04	Groundbreaking Ceremony for the Integrated Steelworks Industrial Complex	026
05	Selection of the End User of the Integrated Steelworks and the Formation	028
	of the Integrated Steelworks Project Promotion Committee	
06	Founding of the Pohang Iron and Steel Company	030
07	Infrastructure Construction: Railroad Tracks, Roads, and Industrial Water	032
	Supply	
08	IInfrastructure Construction: Port	034
09	IConstruction Site Headquarters: Rommel House	036
10	IResident Relocation and Groundwork for Construction	038
11	IEstablishment of a Residential Complex for Employees	040
12	INational Interest in the Integrated Steelworks	042
13	IPlan to Use Korea's Property Claims Against Japan and the Establishment	044
	of the Self-Sustaining "1.03 Million Ton Project"	
14	ISecuring the Funding for the Construction of the Integrated Steelworks	046
	through Korea-Japan Cooperation	
15	IPractical Partner in Construction: Japan Group (JG)	048

Chapter 02.	Construction of the Pohang Steelworks	050
01	Beginning of the Great History of Yeongilman Bay	054
02	Purchase of Equipment and Raw Materials	056
03	Transforming Crises into Opportunities: Starting Point of the Tradition of	058
	Shortening Construction Times	
04	Construction Site of the Integrated Steelworks	060
05	Fruits of Blood and Sweat: First Shipment of Products	062
06	Hoorah! The Touching Moment of Initial Tapping	064
07	Birth of the First Korean Integrated Steelworks (Completion of Phase 1)	066
08	Benefits of Concurrent Construction and (Completion of Phase 2)	068
09	Accidents and Making Safety a Way of Life	070
10	Another Company Value: Dedication to Perfection in Construction	072
11	Largest Construction Project Since the Founding of the Nation	074
	(Completion of Phase 3)	
12	Efforts to Secure a Stable Supply of Raw Materials	076
13	Strengthening of Corporate Structure and Self-Management Activities	078
14	Final Chapter in the Great History of Yeongilman Bay (Completion of Phase 4)	080
15	Completion of Facility with Production Capacity of 9.1 Million Tons and	082
	Establishment of an Integrated Stainless Steel Production System	
Chapter 03.	Construction of the Gwangyang Steelworks	084
01	Controversy Surrounding the Selection of the End User and Location of	088
	the Second Steelworks	
02	Turning the Sea into Land: Construction of the Shore Protection Facilities	090
03	Ground Improvement Work and Infrastructure Construction	092
04	Phase 1 of the Construction of the Gwangyang Steelworks	094
05	Construction of an Advanced Information Communication Network	096
06	Optimization of the Production Management System	098
07	Stepping Toward a Quality-First Policy	100
08	Founding of POSTECH and the Construction of the Pohang Light Source	102
09	Establishment of the "One Company, Two Steelworks System"	104
	(Completion of Phase 1)	
10	Korea's First National Stock Company	106
11	Becoming the Third Largest Steel Company in the World	108
	(Completion of Phase 2)	
12	Achieved Steel Production Self-Sufficiency Rate of 90 Percent	110
	(Completion of Phase 3)	
13	Completion of the Pohang Iron and Steel Company's over Quarter	112
	Century of Construction (Completion of Phase 4)	
Chapter 04.	Established 21-Million-Ton System	114
01	Reporting the Completion of a Quarter Century of Construction	116
02	Declaration of New Corporate Philosophy	117
03		118

Chapter 05.	Promotion of a "New POSCO" Management	120
01	Creation of a New POSCO and the Proclamation of a Code of Ethics	122
02	Complex Export Strategies and Continued Investment in New Technologies	124
03	Investments in New Businesses	125
Chapter 06.	Globalization and Diversification of Management	126
01	Establishment of a Business Management Committee and Introduction of	130
	the External Board Director Syste	
02	Reorganization of the Fundamental Business-Centered Corporate Structure	132
03		134
04	Listing on the New York Stock Exchange	136
05	Corporate Culture of Unity	138
	Acceleration of Foreign Investment: The Pohang Iron and Steel Company	140
07		142
08		144
09		145
Chapter 07.	Management Innovation and Privatization	146
01		150
01	Responsible Management	150
02	Process Innovation	152
	A Music Concert at the POSCO Center	154
	Operation of the Gwangyang No. 5 Blast Furnace	156
05		158
06		159
	Launch of the Privatized POSCO	160
08		162
09		164
Chapter0 8.	Strengthening the Foundation for Overseas Managementt	166
01	Ethics: POSCO's First and Foremost Value	170
02	Strengthening Global Production and Networks	172
03	Internalization of Innovation	174
04	Advancement of Corporate Governance	176
05	Promoting to be an Automotive Steel Sheet Steelworks	178
06	Establishment of Unique Technology System	180
07	Together with POSCO	182
08	Discovery of New Projects	184
Chapter 09.	Development of Integrated Global Management	186
01	Promotion of Green Growth	190
02	Aiming to Become the Largest, Most Competitive Company in the World	192
03		194
04	EVI (Early Vendor Involvement) Activities	196
05	Expansion of Business Scope	198

	06	Active Promotion of Technological Innovation at the Company Family Level	200
	07	POSCO, a Beloved Corporation	202
	80	Expansion of POSCO's Global Production Base	204
	Dea	th of Founding CEO Park Tae-joon	206
Chapter	10.	Restored Competitiveness and Establishment of a Basis for a	208
		New Chapter in the Company's History	
	01	Strengthening POSCO's Competitiveness in the Steel Industry	212
	02	Establishment of POSCO's Own Innovation Model	214
	03	Promotion of Highly Intensive Management Reform	216
	04	Establishment of POSCO Master Craftsmen Program and the Dual Ladder	218
		System	
	05	Arrival of the Giga Steel Era	220
	06	Shared Growth	222
	07	Acquisition of Future Growth Engines	224
	08	Establishment of a 10 Million-Ton Automotive Steel Sheet SalesSystem	226
	09	Customer Value-Oriented Solution Marketing	228
	10	Smart POSCO Realizes Smartization	230
	11	A New Dream of 100 Years and Announcement of a New Future Vision	232
Chapter	11.	With POSCO, Marking a New Beginning for the Next 50 Years	236
	01	Pursuing Future Value with Business Partners	240
	02	Building a Corporate Culture of Trust and Creativity	242
	03	Announcing the 100 Reforms Agenda	244
	04	Opening a New Chapter as a Future-oriented Company Based on Core	246
		Materials for Secondary Batteries	
Current	t Aff	fairs	248
Steel Bu	sine	ess	252
New Growth Businesses			282
Group B	Group Businesses		
Global Businesses			286
Sustainable Management			296
			316



1968





June 9 Conducted first tapping of Pohang No. 1 blast furnace (at 7:30 a.m.). July 3 Completed Phase 1 of the construction

of Pohang Steelworks (annual crude steel production capacity of 1.03 million tons).

Nov. 1 Launched Zero Defect (ZD) Movement.

Dec. 1 Began Phase 2 of the construction of Pohang Steelworks.

Oct. 1 Conducted firing of foundry blast furnace. Oct. 21 Opened a company job training institute.

Dec. 31 Achieved USD 100 million in exports and KRW 100 billion in total exports

Established "Saint Technician" (giseong)

Apr. 25 Decided to merge with Korea Integrated Steel Mill

Nov. 29 Received 100 Million Dollar Export Tower Award.

May 31 Completed Phase 2 of the construction of Pohang Steelworks (increasing annual crude steel production capacity to 2.6 million tons). Aug. 2 Began Phase 3 of the construction of

Pohang Steelworks. Nov. 16 Established Steel Education Foundation. June 30 Entered into an agreement for the joint development of the Greenhills mine in Canada

Dec. 6 Established Quality Information Center.

Jan.21 Established joint labor-corporate management council.

Feb. 18 Completed Phase 4 of the construction of Pohang Steelworks (increasing annual crude steel production capacity to 8.5 million tons).

Feb. 28 Converted from a state-invested institution to a state-funded institution.

 ${\it Mar. 2} \quad {\it Park Tae-jun became first CEO of POSCO}.$

Sept. 1 Began second stage of Phase 4 of the construction of Pohang Steelworks.

Nov. 1 Announced "Self-Management Day."

Nov. 4 Korean government confirmed Gwangyangman Bay as the location for the second steelworks.

1982

Apr. 1 Adopted monthly pay schedule for all employees.

July 9 First shipment of coal arrived from Mount Thorley mine in Australia.

Jan. 18 First shipment of coal arrived from the

May 25 Completed second stage of Phase 4 of the construction of Pohang Steelworks

Jan. 27 Held inaugural meeting for the Employee Stock Ownership Plan (ESOP).

Feb. 15 Established Pohang Coated and Color Steel (currently POSCO C&C).

June 10 Carried out initial public offering (first national stock).

July 12 Completed Phase 2 of the construction of Gwangyang Steelworks (increasing annual crude steel production capacity to 14.5

Oct. 9 22nd IISI Conference held in Seoul.

Nov.1 Began Phase 3 of the construction of Gwangyang Steelworks.

Jan. 27 Achieved total accumulated crude steel production of 100 million tons.

Mar. 31 Completed construction of Pohang No. 1 stainless steel production plant and hot

Apr. 1 Implemented single salary schedule for all

July 31 Began operating integrated stainless steel production system.

Sept. 12 Started publishing POSCO Weekly News.

Dec. 4 Completed Phase 3 of the construction of Gwangyang Steelworks (increasing annual crude steel production capacity to 17.5 million tons).

May 22 President Park Chung-hee met with Fred C. Foy the president of Koppers, and discussed the construction of an integrated steelworks.

July 21 Government confirmed basic plan for the construction of an integrated steelworks. Dec. 6 Korea Iron and Steel Association (KISA)

inaugurated.

June 30 Korean government selected Pohang as the location for the integrated steelworks. Sept. 11 Korea Tungsten selected to be the end user

of the integrated steelworks. Oct. 3 Groundbreaking ceremony held for the

construction of the integrated steelworks industrial complex. Oct. 20 Korean government and KISA signed

framework agreement for the construction of the integrated steelworks. Nov. 10 Integrated Steelworks Project Promotion

Tae-joon, president of Korea Tungsten). Dec. 6 Promotion Committee submitted plan for $the\,establishment\,of\,a\,new\,company\,to$ the government (proposed that the new company be established as a stock company,

as defined in the Commercial Act).

Committee inaugurated (chaired by Park

Mar. 20 Inaugural meeting of Pohang Iron and Steel Company held (Park Tae-joon appointed as president).

Apr. 1 Pohang Iron and Steel Company founded. May 25 Ministry of Construction began construction



May 27 Pohang Construction Office (known as "Rommel House") opened.

May 30 North Gyeongsang Province purchased the site. Sept. 10 Began construction of a residential complex for employees.

Nov. 12 President Park Chung-hee made his first visit to the construction site of Pohang Iron and Steel Company.

Opened the Steelworks Training Institute. Feb. 24 Ministry of Construction began construction work on the site (completed on March 20,

June 3 Integrated Steelworks Business Plan Research Committee inaugurated.

July 22 Research Committee submitted research report on the development of Korea's steel industry to the government, focusing on the construction of an integrated steelworks (proposed an annual crude steel production capacity of 1.03 million tons).

Aug. 4 Korean government confirmed 1.03 million tons as the annual production capacity of Pohang Iron and Steel Company

Aug. 28 At the Korea-Japan Ministerial Talk, a basic agreement was made regarding the exclusive use of Korea's property claims against Japan for the construction of the facilities of Pohang Iron and Steel Company.

Sept. 2 Framework agreement with KISA terminated. Dec. 3 Korea-Japan Framework Agreement, on

the financing of the construction of the integrated steelworks, signed.

Dec. 15 Signed preliminary technical service contract with three Japanese steel companies (Japanese technical service team was named "JG (Japan Group)").

Apr. 1 Began Phase 1 of the construction of Pohang Steelworks.

July 15 Signed contract with JG for stage 1 technical

Dec. 24 Held first construction meeting.

Jan. 27 Steel Scholarship Foundation established.

Feb. 22 Pohang Iron and Steel Company designated as Class 1 steel company by the Korean government.

Apr. 1 Adopted regular worker system for all employees.

Published first edition of company magazine

Aug. 20 Declared "hot rolling emergency," a period of emergency to make up for the three-month delay in establishing the groundwork for the construction of the hot rolling mill (finished

Nov. 25 Signed iron ore purchase agreement with Australia's Hamersley Iron Pty Ltd.

Completed construction of Pohang No. 1 thick plate plant (made first product shipment on July 31).

Completed construction of Pohang No. 1 hot rolling mill (made first product shipment

Nov. 26 Shipped 1,500 tons of thick plates to the United States, marking its first export to that country. Dec. 31 Relocated main company office to Pohang

June 8 Conducted first firing of Pohang No. 1 blast



Jan. 1 Established an R&D center.

Apr. 24 Molten iron spill and a fire at Pohang No. 1 steel mill (repairs completed on May 28). Aug. 2 Demolished power generation and ventilation facilities, which were 80 percent completed, when the concrete structure

was found to be defective. Oct.9 Promoted as a regular member of the International Iron and Steel Institute (IISI, currently World Steel Association).

Nov. 9 Signed a contract to develop the Tanoma mine in Pennsylvania, United States.

Apr. 24 Celebrated first Safety Day. June 12 Declared a "construction emergency" during Phase 3 of the construction of

Pohang Steelworks. Sept. 17 Held joint ancestral rite ceremony as part of the campaign to give up vacation days for the Chuseok holidays.

Oct. 27 Korean government confirmed Pohang Iron and Steel Company as the end user of the second steelworks.

Dec. 8 Completed Phase 3 of the construction of Pohang Steelworks (increasing annual crude steel production capacity to 5.5 million tons).

1979

Began Phase 4 of the construction of Pohang Steelworks.

Invested in equity participation in Pohang Industrial Furnace Co., Ltd. (currently POSCO Chemtech)

Dec. 6 Formed promotion committee to strengthen the company 's corporatestructure.

Published first issue of Self-Management

(increasing annual crude steel production capacity to 9.1 million tons).

Oct. 24 Opened Gwangyang Steelworks.

Jan. 20 Began work to fortify the unstable ground of the construction site in Gwangyang. Apr. 1 Named first "Saint Technician" (Master Saint

Technician Yeon Bong-hak). Sept. 6 Completed construction of the Pohang Central Terminal System (CTS).

Mar. 5 Began Phase 1 of the construction of Gwangyang Steelworks.

Dec. 2 Began operating a fiber-optic LAN system.

Mar. 21 Selected as the end user of stainless hot coil production.

Launched USS-POSCO Industries (UPI), a joint venture with United States Steel.

Apr. 10 Completed construction of the Gwangyang Central Terminal System (CTS). Sept. 30 Completed Phase 2 of the construction of

Gwangyang Steelworks. Dec.3 POSTECHopened.

Mar. 3 Research Institute of Industrial Science and Technology (RIST) established.

Completed the new main office building in Pohang.

May 7 Completed Phase 1 of the construction of Gwangyang Steelworks (increasing annual crude steel production capacity to 11.8

million tons). May 13 CEO Park Tae-joon awarded the Bessemer Gold Medal

Oct. 1 Adopted single-rank system for all employees.

Dec. 28 Began operating first stage of steel VAN system.

Jan. 5 Began Phase 4 of the construction of Gwangyang Steelworks.

Feb. 2 Celebrated first graduating class of the Pohang University of Science and Technology.

Apr. 20 Implemented employee welfare fund

Dec. 2 Launched company-wide electronic mail system

Apr. 1 Named the first Pohang Iron and Steel Employees of the Year (Assistant Manager Jeong Nae-sin and Chief Kwon Seong-man).

Sept. 7 Completed construction of an all-weather wharf in Gwangyang.

Sept.24 Announced company's corporate philosophy.

Oct. 2 Completed all construction work in time to celebrate the 25-year history of the construction of the Pohang Iron and Steel Company (increasing annual crude steel production capacity to 21 million tons).

Oct. 3 CEO Park Tae-joon reported the completion of the construction of the Pohang Iron and Steel Company after 25 years at the grave of former President Park Chung-hee (Park

resigned on October 5). Oct.9 Hwang Kyung-no took office as the company's second CEO.

Nov. 16 Adopted four-group, three-shift system.





1993

Mar. 12 Chung Myung-sik took office as the company's third CEO.

Proclaimed birth of a "new POSCO." $\label{eq:July21} \textit{July21} \quad \textit{Announced company's Code of Ethics}.$

Oct. 1 Liberalized the commuting dress code and instituted blue uniforms for all employees.

Oct. 30 Pohang Iron and Steel Company's Pohang Steelworks secured ISO 9002 certification

1994

Feb.28 Selected lead contractor for the company's second mobile communications project (Shinsegi Telecom was officially launched on May

Mar. 8 Kim Man-je took office as the company's fourth CFO

June 1 Established POSCO Research Institute (POSRI)

June 13 Officially launched employees' council. June 15 Published first issue of POSCO Newspaper.

July 1 Established Technical Research Loratories. Oct 14 Listed on New York Stock Exchange (NYSE)

Dec. 1 Launched POSCO Development (currently POSCO Engineering and Construction).

Completed construction of Pohang Light Source (PLS).

1995

Aug. 31 Completed construction of the POSCO

Nov. 28 Completed construction of the Corex plant.

Dec. 19 Held final construction meeting.

Jan. 22 Began making cash payments for all goods purchased from SMFs.

July 10 Acquired world's two most important environmental management system certifications (ISO 14001 and BS 7750) at the sametime

Feb. 15 Established Zhangjiagang Pohang Stainless Steel (ZPSS) in China. Mar. 14 Adopted external board director and

external auditor systems. May 25 Held inaugural conference of the 1st

International Stainless Steel Forum (ISSF). Nov. 20 Officially launched labor-management council

Mar. 17 Yoo Sang-boo took office as the company's

July 28 Decided on the company's first program for decreasing production since its foundation.

Jan. 12 Held launch ceremony for the Process Innovation (PI) initiative.

Mar. 16 Adopted global professional management (GPM) system.

June 22 Purchased shares of Nippon Steel (by June 23).









Aug. 27 Completed construction of a FINEX pilot

Dec. 31 Held first music concert at the POSCO Center.

Jan. 3 Completed the transfer of Shinsegi Telecom shares to SK Telecom.

Feb. 11 Held first CEO Company Information Session

Feb. 17 Held first CEO Company Information Session overseas

Launched intra-company groupware POSWARF.

Apr. 18 Began full-fledged operation of Gwangyang No.5 blast furnace. June 1 Company commercial entitled "If there were

no steel" first aired. Signed strategic partnership agreement

with Nippon Steel. Oct. 4 Completed privatization of the company.

June 11 Unified all purchasing and sales activities through Steel N.com.

Launched POSPIA system

Oct. 20 Implemented alternate Saturday working system.

2002

Mar. 15 Changed company name to "POSCO." July 1 Implemented new Employee Stock Ownership Plan (FSOP)

2003

Introduced selective welfare and benefit

Jan. 17 Launched company's Enterprise Portal (EP). Jan. 21 Completed construction of Automotive

Steel Application Center. Mar. 14 Lee Ku-taek took office as the company's sixth CEO.

May 29 Completed construction of a FINEX demo

May 29 Created POSCO Volunteer Corps. June 2 Instituted company's Code of Ethics.

June 16 Implemented five-day workweek system.

July 3 Opened POSCO Museum.

Nov.7 Launched POSCO-China.

Mar. 12 Established POSCO Corporate Governance

June 12 Held 1st Pohang Fire and Light Festival. Oct. 19 Published Sustainability Report, the first such report in Korea to be validated by an

outside organization.

Oct. 21 Completed construction of POS-SPC, an automotive steel processing center in Suzhou, China.

Apr. 27 Made first payment of performance compensation to suppliers as part of the company's benefit-sharing initiative.

Sept. 8 Launched POSCOTJ Park Foundation.

Sept. 9 Launched POSCO Power (currently POSCO Energy).

Aug. 11 Kicked off the third Management Innovation initiative.

Nov. 22 ZPSS completed construction of integrated stainless steel production facility.

Mar. 27 Awarded first POSCO TJ Park Award.

Mar. 30 Announced company's vision of the "Global POSCO Way?

May 30 Completed construction of FINEX commercialization facility.

June 27 Launched first POSCO University Student Volunteer Corps.

July 27 Completed construction of magnesium sheet plant in Suncheon.

Dec. 14 FINEX technology selected as one of the top 10 technologies of 2007.

2 008

Jan. 29 Held first Global EVI Forum.

ferronickel plant.

Apr. 1 Announced POSCO Vision 2018.

Apr. 26 Received GM Supplier of the Year Award. Nov.3 SNNC completed construction of a

2009

Feb. 27 Chung Joon-yang took office as the company's seventh CEO.

May 7 Launched SMEs-Corporation Mutual Cooperation Council.

Aug. 6 Completed construction of the company's first overseas automotive steel plant (Mexico

Oct. 19 Completed construction of cold rolling mill in Vietnam, the largest such facility in Southeast Asia.

2010

Jan. 22 Launched POSCO ICT.

Mar. 31 Adopted integrated CI (corporate identity) for POSCO Group.

Nov. 1 Daewoo International became a POSCO subsidiary (currently POSCO Daewoo).

Nov.4 Completed construction of POSCO Global R&D Center (Songdo, Incheon).

Jan. 1 Pohang No. 1 blast furnace designated as National Economic Treasure No. 1 (by Joong-

2018

Dec. 23 Completed construction of Krakatau POSCO (annual crude steel production

Jan. 1 Launched POSPIA 3.0.

Jan. 29 Began operating promotion group for Innovation POSCO 1.0.

capacity of 3 million tons).

Mar. 14 Kwon Oh-joon took office as the company's eighth CEO.

June 2 Became first company in Korea to include "respect for human rights" in its Code of Fthics

June 16 Developed PosMAC, a next-generation, highly corrosion-resistant steel product.

Aug. 18 Established POSTIM, POSCO's unique innovation model

Oct. 31 Completed construction of No. 4 hot rolling mill in Gwangyang (using only engineering

Sept. 29 POSTECH completed fourth-generation accelerator (PAL-XEEL) (third in the world).

Dec. 20 Received Republic of Korea Accompanied Growth Award for fourth consecutive year.

Feb. 7 Completed construction of PosLX (POSCO Lithium Extraction) plant in Gwangyang.

Apr. 26 Completed construction of 7CGL, an automotive steel plant dedicated to GIGA STEEL production.

Sept. 7 Became first steel manufacturer in the world to be named an outstanding company in terms of sustainability by the SAM-Dow Jones Sustainability Indices for 13 consecutive years.

Oct. 30 Held 2017 Global EV Materials Forum. Nov. 3 Steel Village Project selected as a "best

practice" for the UN's Sustainable

technology developed by POSCO).

Oct. 4 Completed POSCO Global Safety Center. Oct. 17 Implemented four-group, two-shift Feb. 2 Launched the POSCO Group University.

Dec. 13 Park Tae-joon, the company's first CEO,

Feb. 23 Developed world's first direct lithium extraction technology.

Mar. 28 Completed construction of thick plate

June 13 Completed Phase 4 of the construction of

plant in Gwangyang.

passed away

Mar. 9 Developed new body concept for electric vehicles (PBC-EV).

Sept. 3 Launched official blog "Hello POSCO." Oct.9 Became first steel manufacturer in the world to acquire ISO 50001 Energy Management

Jan. 4 Launched POSCO Humans, a social enterprise.

System certification.

June 7 Gwangyang No. 1 blast furnace (internal capacity of 6,000 cubic meters) reborn as the world's largest blast furnace.

June 22 Daewoo International launched production at Myanmar gas field.

June 24 Announced new Code of Ethics. Nov. 18 Launched POSCO 1% Sharing Foundation. Dec. 19 Completed construction of lithium

May 14 Launched Emergency Management Reform Committee

extraction demo plant in Argentina.

June 18 Selected first POSCO Master Craftsmen (Part Leader Kwon Young-guk, Assistant Manager Son Byung-rak, Part Leader Cho Young-gi, and Part Leader Cho Gil-dong).

group-wide communication channel.

American International Auto Show (held

July 15 Announced Innovation POSCO 2.0. Aug. 29 Achieved total accumulated sales of 800

million tons of steel products. Sept. 4 Opened POSCO Today, an integrated,

2016

Jan. 1 Launched Clean POSCO System. Jan. 11 Became first steel manufacturer in the world to hold a technology exhibition at the North

until January 24). May 27 Completed construction of the POSCO Partner Collaboration Academy.

Aug. 31 Completed construction of the Continuous Galvanizing Line (CGL) in Thailand and officially announced the era of "GIGA STEEL."

Development Goals. Dec. 5 Received 10 Billion Dollar Export Tower

Award

Jan. 16 Al-based, high-precision plating technology selected as a national core technology in the steel industry.

Jan. 23 Included on the World Economic Forum's "Global 100 Most Sustainable Corporations in the World" list for fourth consecutive year.

Apr. 1 Announced "POSCO 100 Future Vision" in celebration of the 50th anniversary of the company's founding.

May 17 Named "Metals Company of the Year" and won "Industry Leadership Award for Steel" at the Global Metal Awards.

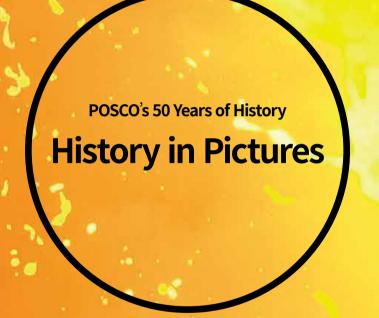
June 26 Ranked No. 1 in terms of competitiveness among steel companies for ninth consecutive year by the WSD. July 27 Choi Jeong-Woo became ninth CEO.

July 30 Launched taskforce to establish a master plan for management reform. Nov.5 Held "With POSCO" management reform

rally and announced 100 reform tasks. Nov 8 POSCO Chemtech began construction of eighth and ninth anode material production facilities and second plant.







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Birth of the Pohang Iron and Steel Company



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- **08** Infrastructure Construction: Port
- 09 Construction Site Headquarters: Rommel House
- 10 Resident Relocation and Groundwork for Construction
- 11 Establishment of a Residential Complex for Employees
- 12 National Interest in the Integrated Steelworks
- 13 Plan to Use Korea's Property Claims Against Japan and the Establishment of the Self-Sustaining "1.03 Million Ton Project"
- 14 Securing the Funding for the Construction of the Integrated Steelworks through Korea-Japan Cooperation
- 15 Practical Partner in Construction: Japan Group (JG)

Korea's modern steel industry was born in 1917 with the construction of a steel mill in Gyeomipo (currently Songnim, North Hwanghae Province) during the Japanese colonial period. By the time Korea was liberated from Japanese rule in 1945, Japan had built a number of steel mills throughout the country. However, since Korea's steel industry did not emerge through a natural process of industrial development but was fostered as part of Japan's military industry, it was deformed in many respects. In terms of production, pig iron for the manufacture of military goods was at the center of the steel industry rather than rolled steel for industrial use. In terms of geographic region, the industry was concentrated in the northern region of the Korean Peninsula. Moreover, advanced technologies were not shared outside the Japanese workforce at the steel mills, preventing the growth of skilled Korean workers in the industry.

With the establishment of the Korean government in August 1948, there was a movement to foster the steel industry in order to contribute to the rebuilding of the nation. However, the Korean War broke out in June 1950, devastating the country even further. Yet even during the Korean War, the government's determination was so great that it was able to draft the Steel Industry Reconstruction Plan in 1952 in Busan, which served as the provisional capital during the war. After the ceasefire in 1953, the Korean government put a great deal of effort into fostering the steel industry. The goal was to build an integrated steelworks where all parts of the steelmaking process could be carried out, from using iron ore to produce molten iron to producing completed steel products. In 1958, the first Construction Plan for an Integrated Steelworks was established in Korea, but the plan was disrupted by the failure to procure foreign capital and political turmoil, which culminated in the April Revolution. The Second Republic of Korea, which emerged soon after, also planned to build an integrated steelworks. Again, this plan failed for similar reasons. In the meantime, along with the government policy to foster the steel industry, the private sector continued making efforts to strengthen the steel industry through the founding of Dongkuk Steel in 1954 and Daehan Heavy Machinery Industry (currently SeAH Besteel) in 1955.

The Third Republic of Korea made economic development one of its top priorities and resumed the integrated steelworks project with the announcement of the First Five-year Plan for Economic Development in 1962. The government concretized the Second Republic's vision and included the construction of an integrated steelworks with an annual production capacity of 250,000 tons of pig iron and 220,000 tons of steel ingots, to be carried out from 1962 to 1966, in the economic development plan. The government's dedication prompted the private sector to take steps to foster the steel industry, leading to the founding of a private investment group and a company called the Korea Integrated Steel Mill in May 1962. Although the Korea Integrated Steel Mill had negotiated loans and technical contracts with the steel industries of the United States and West Germany, the plan was eventually phased out due to the difficulty of securing loans. Korea's determination to build an integrated steelworks was strong, but the country needed more than will power to make it happen. From the perspective of the developed world and the World Bank, which had the means to provide technologies and loans, Korea was a small Asian country that had recently been through a war and was still suffering from poverty and famine. It was no wonder that they saw the construction of an integrated steelworks in Korea as an absurd dream, as such a project would require huge amounts of capital and technology. However, the Korean government believed that the construction of an integrated steelworks was a necessary step for the country

Chapter 01 Birth of the Pohang Iron and Steel Company 017

if it wanted to develop independent national defense capabilities and a self-sustaining economy, and was therefore determined to make it a reality.

President Park Chung-hee was particularly focused on this goal. During his visit to West Germany in December 1964, he toured a steel mill and made a firm commitment to build an integrated steelworks in Korea. In May 1965, upon his visit to the United States, President Park met with Fred C. Foy, the president of Koppers, one of the world's leading steel engineering companies. The president's efforts to engage in such direct diplomacy with foreign steel companies prompted the establishment of the Korea International Steel Associates (KISA) in December 1966. KISA was a consortium of eight companies from five countries, including the United States, that were willing to provide the equipment and technologies that Korea needed to build an integrated steelworks and lobbied their respective governments to extend loans to Korea. Although the attempt ultimately failed, it was significant in that it provided an opportunity for Korean government officials and the members of the Pohang Iron and Steel Company to gain insight into and review the specifics of equipment plans, purchasing, and other issues crucial to the construction of an integrated steelworks.

In June 1967, despite the difficulty it faced in securing loans, the Korean government selected Pohang as the site for the construction of the country's first integrated steelworks. It then completed the purchase of the site and began building a port, railroad track, and a dam. In September of the same year, the government designated the Korea Tungsten Company as the end user of the integrated steelworks and established the Integrated Steelworks Project Promotion Committee in November, to which it appointed Park Tae-joon, president of Korea Tungsten Company, as committee chair. The inaugural meeting for the Pohang Iron and Steel Company was held on March 20, 1968. Park Tae-joon took office as the first president of the company, and the ceremony to celebrate the founding of the company was held on April 1, after the registration of the company's incorporation. The establishment of the Pohang Iron and Steel Company, led by Park Tae-joon, who had President Park Chung-hee's full trust, heralded a new chapter of the integrated steelworks construction project.

In its series of failed attempts, the government recognized two crucial factors: the procurement of foreign capital and the World Bank's feasibility study. Since financing and realizing the project through KISA had failed, an alternative needed to be found. In this, there was one hope: Japan. If part of Korea's property claims against Japan, which was to be used to support Korea's agriculture sector, could be used for the steel industry and if Korea could receive technical support from the Japanese steel industry, it might just be possible to build the integrated steelworks. Although the goal and direction had been set, it was not easy to change the use of the property claim funds, as a diplomatic agreement was already in place and the issue involved intricately connected interests of various industries within Korea. In addition, without the World Bank and other international organizations withdrawing their opposition to Korea's construction of an integrated steelworks, Japan was certainly not going to agree to changing the use of the property claims funds.

In February 1969, President Park Tae-joon of the Pohang Iron and Steel Company met with President Foy of Koppers in Pittsburg, Pennsylvania, and confirmed that securing loans through KISA would be impossible. As a result, Cheong Wa Dae and the economic departments of the Korean government came to believe that changing the use of Korea's property claims against Japan (known

as the "Hawaii Plan") and securing technological cooperation from the Japanese steel industry were the country's last hope for building an integrated steelworks. In June 1969, the Korean government established the Integrated Steelworks Business Plan Research Committee and reviewed the previous project plans to come up with measures for responding to problems that could potentially arise in the process. On its own, the government drew up an expense plan regarding the use of the funds from Korea's property claims against Japan and a plan for the construction and operation of an integrated steelworks, which outlined the construction of a facility with an annual production capacity of 1.03 million tons of crude steel. When all preparations were completed, the Korean government began working to persuade the government and economic sector of Japan and the World Bank to accept its plan. Korean government officials, led by Deputy Prime Minister Kim Hakryul, and President Park Tae-joon of the Pohang Iron and Steel Company, who had an extensive network of contacts in Japan, successfully engaged in secret negotiations toward this end.

As a result of these efforts, in December 1969, Korea's Deputy Prime Minister Kim Hak-ryul and Japanese Ambassador to Korea Kanayama Masahide finally signed the "Korea-Japan Framework Agreement regarding the Financing of the Construction Funds for the Integrated Steelworks." Following the signing of this agreement, Korea also signed a technology service contract with Japan Group (JP), which consisted of three Japanese companies (Yawata Steel Works, Fuji Steel Corporation, and Nippon-Kokan KK), and secured the technologies necessary for the construction and operation of the integrated steelworks.

After 11 years of hard work, the construction of the integrated steelworks to which Korea had long aspired finally became a reality, but this was only the beginning. By that time, all Korea had was a large plot of barren, windswept land by the sea, the determination to build an integrated steelworks to supply the iron and steel needed for the development of a self-sustaining economy, and the resolve to not let the sacrifice of all those who had worked so hard for this opportunity to be in vain. "If we fail, we will have to turn 'right face' and jump into Yeongilman Bay." This was the famous "spirit of 'right face'," but no one knew how this burning resolve would come to fruition.

Supply and Demand of Crude Steel in Korea in the 1960s

(unit: 1,000 tons, %)



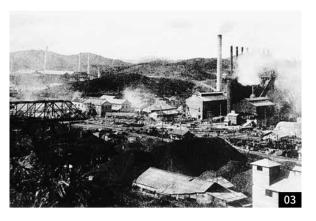
01 Korean Steel Industry Prior to the Pohang Iron and Steel Company

Most of these steel mills were used for the military industry and were mainly concentrated in today's North Korea, while the few steel mills in South Korea were largely destroyed during the Korean War. The Korean government made continuous efforts to build an integrated steelworks in order to overcome the serious steel shortages it faced but failed due to funding problems. The journey toward the successful construction of an integrated steelworks began during the Third Republic of South Korea with the establishment of the guidelines for nurturing major fundamental industries. At the end of 1964, the government announced a plan to foster the steel industry as a means of promoting the construction of an integrated steelworks.





- **01** Samhwa Steel Corporation, which was based in Korekawa Steel's Samcheok plant, entered operation in June 1954.
- 02 On June 10, 1953, Korea Heavy Industry Corporation was founded, based in Joseon Riken Metal Corporation's Incheon plant. This photo shows molten metal flowing out of Korea Heavy Industry Corporation's open-hearth furnace in 1956.



- 03 Japan's Mitsubishi began operating the Gyeomipo Steelworks in North Hwanghae Province in 1918.
- 04 This picture shows Dongkuk Steel's steel mill, which was built on reclaimed land in the coastal waters of Yongho-dong, Busan, in the 1960s, the early days of the mill (photo source: Dongkuk Steel).



In May 1965, South Korean President Park Chung-hee visited Koppers in Pittsburg, Pennsylvania, during his trip to the United States, where he requested the creation of an international consortium to provide Korea with the funding and technologies it needed to build an integrated steelworks. At his request, Koppers and seven other companies from four countries established KISA on December 6, 1966. On December 12 of the same year, eight countries, including the United States, and the International Monetary Fund (IMF) formed the International Economic Consultative Organization for Korea (IECOK). For some time after that, the Korean government promoted the construction of an integrated steelworks through KISA, but the organization was unable to secure foreign capital and ultimately failed to help Korea build an integrated steelworks. However, Korea was able to gather a wealth of related information and knowledge, which it eventually used to successfully build an integrated steelworks.





- 01 President Park Chung-hee, who traveled to the United States for a summit with President Johnson in May 1965, visited the "steel city" of Pittsburgh, Pennsylvania, on May 22.
- 02 The second joint meeting between the delegations of KISA and Korea, held on October 12, 1967.
- 03 A newspaper article, dated October 20, 1967, about the signing of the framework agreement between KISA and the Korean government (Seoul Newspaper).

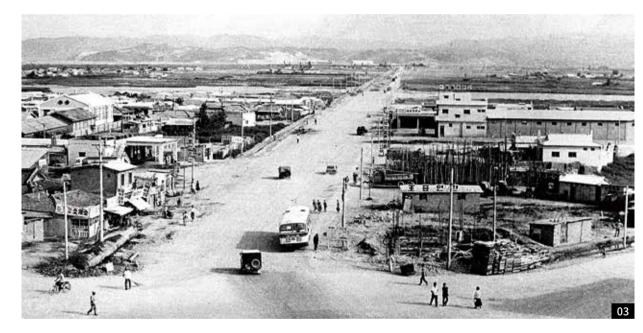


03 | Selection of Pohang as the Site for the Integrated Steelworks

On June 30, 1967, the Korean government chose Pohang as the site for the integrated steelworks. In making this decision, it considered many factors, including the size of the site, firmness of the ground, and convenience of the location in relation to procuring raw materials. In addition, the government had to consider the distance between the steelworks and the market and balanced regional development. The Korean government conducted a thorough review of five candidates—Wolpo, Pohang, Samcheonpo, Ulsan, and Boseong—and ultimately selected Pohang as the optimal site for the integrated steelworks. The site was 9.92 million square meters in size, offered access to 250,000 tons of water for industrial use per day, and was ideally located for the construction of a port.



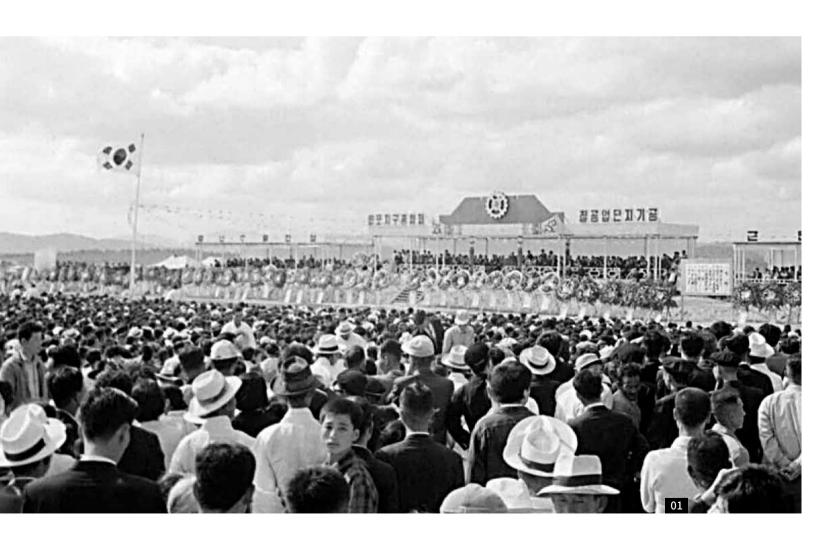




- **01** The Korean government chose the 2.5-kilometer-long coastal area of the Hyeongsangang River and Naengcheon River basin as the site for the integrated steelworks.
- 02 A view of Dongchon-dong, located in the Daesong District of Yeongil County, prior to the establishment of the Pohang Steelworks.
- 03 At the time, before it was selected as the site for the construction of an integrated steelworks, Pohang was a small rural town with a population of about 67,000, of which 72 percent worked in agriculture, fisheries, and forestry.

04 Groundbreaking Ceremony for the Integrated Steelworks Industrial Complex

When the site for the integrated steelworks was selected, the Korean government held a groundbreaking ceremony for the integrated steelworks industrial complex in Daesong District, Yeongil County, on October 3, 1967. The ceremony was attended by important government officials and industry leaders, including Deputy Prime Minister Chang Ki-young, Minister of Construction Kim Yun-ki, Governor of North Gyeongsang Province Kim In, and Vice President E. K. Sandbach of Koppers, along with residents of the nearby areas, to wish for the successful construction of the facility. On July 22, prior to the groundbreaking ceremony, the residents of Yeongil held a welcoming rally to celebrate the selection of Pohang as the site for the integrated steelworks and express their hope that Pohang would grow and develop into a major industrial city of South Korea.









- O1 The groundbreaking ceremony for the integrated steelworks industrial complex that was held on October 3, 1967, was attended by Deputy Prime Minister Chang Ki-young, Minister of Construction Kim Yun-ki, Governor of North Gyeongsang Province Kim In, and Vice President E. K. Sandbach of Koppers (National Archives of Korea).
- 02 Deputy Prime Minister Chang Ki-young, who attended the groundbreaking ceremony for the integrated steelworks industrial complex, gives some congratulatory remarks (National Archives of Korea).
- 03 A welcome rally held by all citizens for the selection of the site of the steelworks on July 22, prior to the groundbreaking ceremony, with Miss Pohang taking part in the parade.
- **04** The groundbreaking ceremony for the integrated steelworks industrial complex turned into a celebration for the people.

| 05 | Selection of the End User of the Integrated Steelworks and the Formation of the Integrated Steelworks Project Promotion Committee

On September 11, 1967, after Pohang was selected as the location for the integrated steelworks, the Korean government designated the Korea Tungsten Company as the end user of the facility. The Korea Tungsten Company was selected based largely on practical considerations, as it was capable of efficiently procuring domestic capital, and Park Tae-joon, president of the Korea Tungsten Company, who was qualified to lead the operation of an integrated steelworks, having brought the company out of the red and been advised by Kawasaki Steel Corporation, was appointed to spearhead the construction of the facility. On November 10, two months after the selection of the end user, the Korean government formed the Integrated Steelworks Project Promotion Committee, an organization tasked with promoting the establishment of the company that would operate the integrated steelworks business, and appointed Park Tae-joon as chair.



- 01 On November 10, the Integrated Steelworks Project Promotion Committee was inaugurated and held its first meeting.
- 02 The company building of Korea Tungsten, which was selected to be the end user of the integrated steelworks on September 11, 1967.

03 The Integrated Steelworks Project Promotion Committee held its fourth meeting on March 4, 1968, where it decided on the schedule and method for establishing the Korea Integrated Steel Company (tentative name).



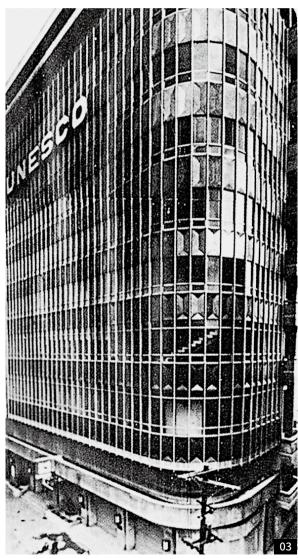


| 06 | Founding of the Pohang Iron and Steel Company

On March 4, 1968, the Integrated Steelworks Project Promotion Committee appointed seven individuals to promote the establishment of the new company. These individuals confirmed the articles of incorporation on March 6, initiating the founding of the company that would lead the integrated steelworks business. On March 20, 1968, the newly founded company held its inaugural meeting at the UNESCO Center in Myeongdong, Seoul, and decided on the company name—Pohang Iron and Steel Company. President Park Tae-joon of the Korea Tungsten Company was appointed as the president of the new company. April 1, 12 days after the inaugural meeting, was selected to be the founding date of the company, and the company's founding ceremony was held on that day. On March 15, 2002, after the company became completely privatized, the Pohang Iron and Steel Company changed its name to POSCO.





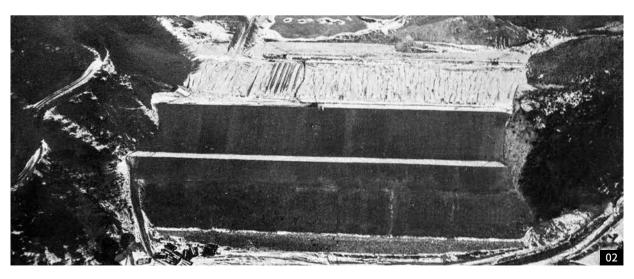


- 01 At 9:30 a.m. on April 1, 1968, the Pohang Iron and Steel Company held its foundation ceremony at the company office on the third floor of the UNESCO Center in Seoul.
- O2 President Park Tae-joon of the Pohang Iron and Steel Company hanging the company signboard as the founding members watch.
- 03 The UNESCO Center was rented by the Pohang Iron and Steel Company as its first office.

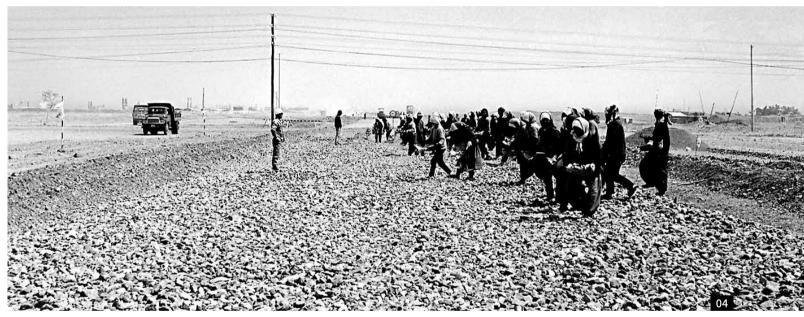
| 07 | Infrastructure Construction: Railroad Tracks, Roads, and Industrial Water Supply

Soon after Pohang was selected as the site for the integrated steelworks, the Korean government put a rush on the construction of infrastructure for the facility. The first part of the infrastructure to be built was the incoming railroad track, which involved connecting Hyoja Station of the Donghaenambu Line to the premises of the integrated steelworks. The construction work began on April 25, 1968, and was completed on November 25, 1970. Civil engineering projects for the construction of roads and bridges were carried out from 1968 to 1974. To secure a supply of industrial water, the government built a dam in Angye-ri. Built from June 15, 1968, to the end of March 1971, Angye Dam has a total storage capacity of 17.65 million cubic meters of water.





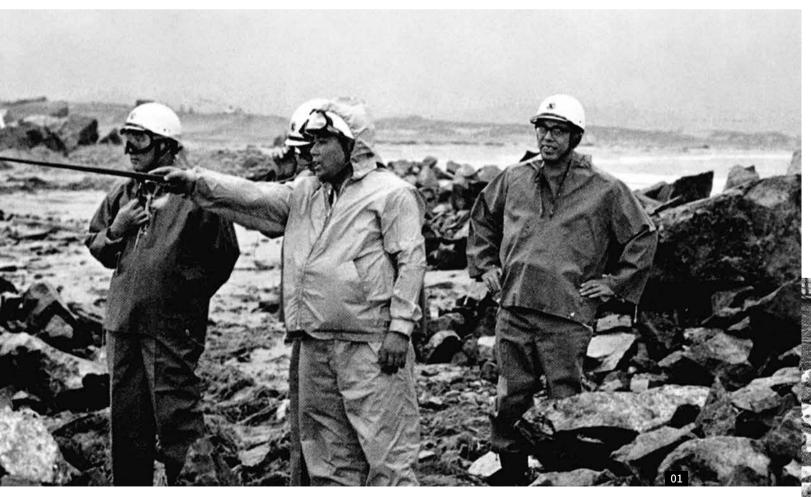




- 01 On June 1, 1967, the Taebaek Office of Korean National Railroad established the plan for the construction of the incoming railroad tracks. Construction of the tracks got underway on April 25, 1968.
- 02 The construction of Angye Dam, which was built to secure a supply of water for industrial use, began on June 15, 1968, and was completed at the end of March 1971.
- 03 Korean National Railroad completed the construction of the incoming railroad tracks on November 25, 1970.
- 04 The Korean government began the road construction work in

08 Infrastructure Construction: Port

In addition to the railroad tracks, roads, and industrial water supply, the Korean government also began the construction of a port. Since huge amounts of raw materials and products constantly flow in and out of an integrated steelworks, affordable transportation was absolutely essential to secure competitiveness. The government thus began the construction of the new Pohang Port on May 25, 1968, and the official hydrographic notice was issued on July 10, 1973, marking the end of the port's construction. The new Pohang Port was built as an artificial excavated harbor within an inlet, in consideration of the construction period and to ensure ease of access for dredgers. In addition, it was built using the caisson method, which involved the on-ground construction of a concrete caisson that was then towed to the construction site.





- 01 Park Jong-tae, head of the Pohang Steelworks, department head Yu Seok-gi, and other construction personnel in the early days of the steelworks taking a look around the seawall construction site.
- **02** Piles being driven in at the site where the wharf for receiving raw materials is to be built.
- 03 The poster for the film Sea Walls, which reflected the public's anticipation for the construction of the integrated steelworks. Released on February 3, 1973, the film was about the construction of the first artificial excavated harbor.
- 04 The construction of the 890-meter-long eastern sea wall and 480-meter-long breakwater was a struggle against the nature, involving rough waves and the breaking up of underwater rocks.





09 Construction Site Headquarters: Rommel House

On May 27, 1968, immediately after the foundation of the Pohang Iron and Steel Company, the company built a two-story temporary wooden building on the construction site in Pohang and established the Pohang Iron and Steel Company Construction Headquarters. At that time, Phase 1 of the construction of the Pohang Steelworks had yet to begin. Construction began in June of that year, after the headquarters was established, turning the area surrounding the headquarters into a wide, sandy plain. When the workers saw the two-story building standing tall in the middle of a desolate sandy field, they named it "Rommel House" after General Rommel, the German military leader who grabbed the world's attention with the daring battle tactics he employed in desert regions. Rommel House is now a symbol of POSCO's history, which is steeped in the determination, joy, and sorrow of the workers during that initial phase of the steelworks' construction. The POSCO Museum restored and now houses the original structure of the building.



- 01 The construction office, completed in May 1968, was the control center for all construction work during the day and a place for the less than 10 employees who used the office to sleep for a few hours every night on their desks.
- 02 The construction site in the early days, reminiscent of the deserts where General Rommel fought bravely, and Rommel House.



- O3 President Park Tae-joon, department head An Byeong-hwa, and head of the steelworks Park Jong-tae putting their heads together in Rommel House to ensure that the construction of the steelworks goes smoothly.
- **04** Construction workers standing in front of some pine trees near Rommel House.





10 Resident Relocation and Groundwork for Construction

After selecting and purchasing the site for the integrated steelworks, the government began relocating the people who were living there. North Gyeongsang Province was in charge of purchasing the site, which was completed on May 30, 1968, and Yeongil County led the relocation of the residents. Both the purchase and relocation were met with opposition from some of the residents, but this resistance was resolved with the help of North Gyeongsang Province and Yeongil County. After the purchase, the government proceeded with the groundwork for construction, starting with dredging, building embankment, leveling the ground, and covering the ground with fertile soil. The site development began prior to the beginning of Phase 1 of the construction of the Pohang Steelworks, which started on April 1, 1970, and continued alongside the construction of the steelworks until March 20, 1973, near the end of Phase 1.





- O1 The Convent of the Handmaids of the Sacred Heart of Jesus, located within the grounds of the steelworks, was the largest convent in Asia. In the beginning, the convent opposed the demolition of its building, but eventually agreed after the Korean government and President Park Tae-joon of the Pohang Iron and Steel Company met with them in person. Father Gilsudani of the convent placed the dynamite used to demolish the building and moved the bricks to the convent's new site in Daejam-dong for use in the new building.
- 02 The government began clearing the site on June 15, 1968.
- **03** Former residents leaving the town they had grown so fond of, taking everything with them, even their chickens.



11 Establishment of a Residential Complex for Employees

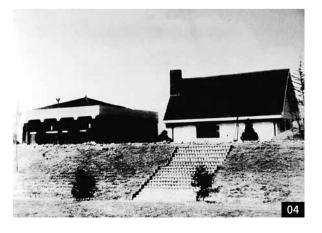
Once the government had purchased the site and begun building the integrated steelworks, the issue of employee housing arose. If this massive project was to succeed, the issue of employee housing, especially from a long-term perspective, needed to be resolved. The government therefore decided to build a residential complex for employees, with construction beginning on September 10, 1968. Some politicians criticized the move, saying that it was absurd to build employee housing when the actual steelworks had not yet even been built. However, President Park Tae-joon of the Pohang Iron and Steel Company actively promoted the construction of the residential complex, believing that securing highly skilled workers and providing them with stable working and living conditions were essential to the construction and success of the integrated steelworks. To support the education of employees' children, the Steel Scholarship Foundation was established in January 1971, followed by Hyoja Jecheol Kindergarten. In November 1976, in response to the rapid increase in the number of employees following the expansion of the steelworks, the Steel Academy was established to provide secondary education for employees' children. Later, the company built and operated a school complex in Gwangyang as well.





- 01 The Pohang Iron and Steel Company considered Hwanho, Indeok, Haedo, Ocheon, Hyoja, and Wolseong as locations for an employee housing complex. President Park Tae-joon of the Pohang Iron and Steel Company visited each site and decided on the Hyoja area. This photo, taken on April 19, 1971, shows the construction of the housing complex underway in the Hyoja area.
- 02 The construction of the housing complex was divided into two parts: housing for employees of the Pohang Iron and Steel Company and housing for foreign experts. Taken in 1971, this photo shows the employee housing.
- O3 President Park Tae-joon of the Pohang Iron and Steel Company visited the construction site of housing for unmarried employees on July 3, 1969.
- **04** The picture of Hyoja Jecheol Kindergarten building on August 29, 1971, taken prior to the opening.





12 National Interest in the Integrated Steelworks

The numerous attempts to build a steelworks that had been made since the establishment of the Korean government meant that public interest in the effort was already running high by the time the site in Pohang was selected and the groundwork for the construction of the facility was underway. On the surface, the construction of the integrated steelworks seemed to be on track, but serious problems were arising internally, as the prospects for securing foreign capital through KISA were beginning to take a turn for the worse and the unprecedented scale of the national project was placing a considerable burden on both the government and the Pohang Iron and Steel Company. On November 12, 1968, when the groundwork was underway, President Park Chung-hee made his first visit to the construction site. At the site, President Park expressed his concerns out loud, "We've destroyed people's homes, but I wonder if this steel mill will ever be completed." President Park was particularly interested in the integrated steelworks, as evident in the fact that he visited the Pohang Iron and Steel Company 13 times.





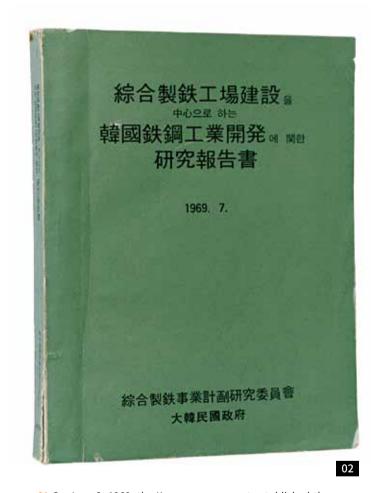


- O1 President Park Chung-hee visited the Pohang Steelworks 13 times. This photo, taken on March 19, 1971, shows President Park Chung-hee looking out over the construction site while listening to President Park Tae-joon of the Pohang Iron and Steel Company explain the work that was underway at the time
- 02 On November 12, 1968, President Park Chung-hee visited the construction site of the Pohang Steelworks. Here, he is walking out of Rommel House after a briefing to take a look around the construction site.
- 03 On March 19, 1971, Park Jong-tae, head of the Pohang Steelworks, greeted President Park Chung-hee.

| 13 | Plan to Use Korea's Property Claims Against Japan and the Establishment of the Self-Sustaining "1.03 Million Ton Project"

Securing funding was the key to the construction of the integrated steelworks, which required a huge amount of funds. However, in 1969, it became clear that the effort to procure foreign capital through KISA was not going to succeed. President Park Tae-joon of the Pohang Iron and Steel Company thus devised a plan to fund the construction of the integrated steelworks with a part of Korea's property claims against Japan (referred to as the "Hawaii Plan"). To lay the groundwork for changing the use of the property claims, the government and Pohang Iron and Steel Company began engaging in networking activities with Japan's public and private sectors. Amid this effort, the government created the Integrated Steelworks Business Plan Research Committee (Integrated Steelworks Taskforce), which consisted of 15 members and was headed by Jeong Mun-do, deputy secretary of operations at the Economic Planning Board. To help address the funding issue, the committee conducted an in-depth review of the plan for the construction of the integrated steelworks. On July 22, 1969, after completing its review, the committee drew up a business plan for a larger facility with an annual production capacity of 1.03 million tons of crude steel.







- 01 On June 3, 1969, the Korean government established the Integrated Steelworks Business Plan Research Committee (hereafter "Research Committee") within the Economic Planning Board.
- 02 On July 22, 1969, the Research Committee completed the research report on the development of Korea's steel industry, with a focus on the construction of an integrated steelworks, and submitted it to the government.
- 03 On September 13, 1969, the Pohang Iron and Steel Company drafted the "Report for Refining the New Business Plan" in relation to the implementation of the new business plan.

14 Securing the Funding for the Construction of the Integrated Steelworks through Korea-Japan Cooperation

When the "1.03 Million Ton Plan" was established in July 1969, securing funding to carry out the plan emerged as an issue. To change the use of Korea's property claims against Japan, it was necessary to reach a consensus with the Japanese government as well as for Korea to receive confirmation from the Japanese steel industry and international financial organizations, such as the IBRD, regarding the feasibility of the project prior to the land claim negotiations. At the third Korea-Japan Ministerial Meeting, which was held for three days from August 26, 1969, the Korean government and Pohang Iron and Steel Company managed to secure the Japanese government's promise to cooperate with the construction of an integrated steelworks in Korea. Afterward, the Korean and Japanese governments held in-depth discussions on financing and technological support, and a Japanese team and the IBRD visited Korea to conduct an assessment of the prospects for the construction of the integrated steelworks, the results of which were positive. With this positive assessment, the negotiations between Korea and Japan proceeded quickly, and on December 3, 1969, the Korea-Japan Framework Agreement was signed, allowing Korea to use part of its property claims against Japan for the construction of the integrated steelworks. In this process, President Park Tae-joon of the Pohang Iron and Steel Company made every effort to ensure the success of the negotiations by working with companies in the Japanese steel industry and having them express their intention to provide technological assistance for the endeavor. After repeated efforts and failures since the liberation of Korea from Japanese rule, Korea was finally able to realize the construction of an integrated steelworks.





- O1 On the morning of December 3, 1969, Deputy Prime Minister Kim Hak-ryul, who represented the Korean government at the time, and Japanese Ambassador to Korea Kanayama Masahide, who represented the Japanese government, met at the Economic Planning Board and signed the Korea-Japan Framework Agreement regarding the Financing of the Construction Funds for the Integrated Steelworks.
- O2 From August 26 to 28, 1969, the third Korea-Japan Ministerial Talk was held in Japan to decide the cooperation measures for the construction of the integrated steelworks.
- 03 On September 23, 1969, the Korean government held a joint conference with the Japanese survey team.
- ${\bf 04}$ In November 1969, the IBRD survey team visited Pohang to conduct an inspection of the construction site.





15 | Practical Partner in Construction: Japan Group (JG)

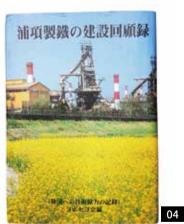
In addition to its efforts to secure construction funds, the Pohang Iron and Steel Company sought to obtain practical technology for the construction and operation of the steelworks. In preparation for the third Korea-Japan Ministerial Meeting, Yawata Steel Works, Fuji Steel Corporation, and Nippon-Kokan KK promised to provide technological support for the project, leading the three companies to establish a technology assessment committee on August 29, 1969. Following the successful conclusion of the ministerial meeting, Korea officially requested technological assistance from Japan in October 1969 and signed a preliminary technological service contract on December 15 of the same year. According to the contract, a technological service team, called "Japan Group (JG)," was to be dispatched from Japan to provide technological support to Korea. After holding discussions with the JG, the Pohang Iron and Steel Company signed the Technological Service Contract on July 15, 1970. During Phase 1 of the construction of the Pohang Steelworks, the JG dispatched a large number of personnel to assist with the work. In the first stage of the Technological Service Contract, the JG provided 710 personnel per day annually, in the second stage, 18,000 personnel per month; and in the operation and testing stage, 18,666 personnel per month. The JG willingly provided technological support for all processes, including equipment planning and purchasing, construction, preparation for operation, and trial operation. Throughout this process, the Pohang Iron and Steel Company made great efforts to learn and secure the technologies that were provided. The JG remained intact long after Phase 1 of the construction of the Pohang Steelworks was completed, providing assistance until Phases 2 and 3 of the construction of the Pohang Steelworks were finished and contributing greatly to the construction of the integrated steelworks.







- 01 In order to bring in the capital and technology it needed from Japan, the Pohang Iron and Steel Company requested technical assistance from three Japanese companies: Yawata Steel Works, Fuji Steel Corporation, and Nippon-Kokan KK. This photo is of President Park Tae-joon of the Pohang Iron and Steel Company talking with members of the Japan Group (JG).
- 02 Here, President Park Tae-joon is greeting and talking with Chairman Nagano Shigeo of Nippon Steel.



- 03 This photo shows President Park Tae-joon conversing with President Inayama Yoshihiro of Nippon Steel.
- 04 A memoir published by the JG personnel who assisted with the construction of the Pohang Steelworks (May 1997).



Construction of the Pohang Steelworks



- 01 Beginning of the Great History of Yeongilman Bay
- **02** Purchase of Equipment and Raw Materials
- **03** Transforming Crises into Opportunities: Starting Point of the Tradition of Shortening Construction Times
- **04** Construction Site of the Integrated Steelworks
- 05 Fruits of Blood and Sweat: First Shipment of Products
- **06** Hoorah! The Touching Moment of Initial Tapping
- **07** Birth of the First Korean Integrated Steelworks (Completion of Phase 1)
- **08** Benefits of Concurrent Construction and Operation (Completion of Phase 2)
- **09** Accidents and Making Safety a Way of Life
- 10 Another Company Value: Dedication to Perfection in Construction
- 11 Largest Construction Project Since the Founding of the Nation (Completion of Phase 3)
- **12** Efforts to Secure a Stable Supply of Raw Materials
- 13 Strengthening of Corporate Structure and Self-Management Activities
- 14 Final Chapter in the Great History of Yeongilman Bay (Completion of Phase 4)
- 15 Completion of Facility with Production Capacity of 9.1 Million Tons and Establishment of an Integrated Stainless Steel Production System

On April 1, 1970, the Pohang Iron and Steel Company held the groundbreaking ceremony for Phase 1 of the comprehensive construction of the Pohang Steelworks at Yeongilman Bay, taking the first step on the 25-year journey toward the construction of Korea's first integrated steelworks. The purpose of the integrated steelworks was to produce the steel necessary to accelerate the country's economic growth and development, meaning that there was more at stake than the success of a company—in fact, the project was the largest national project since the founding of the country and would go on to serve as the foundation for the rise of the entire nation. In this endeavor, the government took the first step. After selecting the site for the steelworks in 1967 and completing the purchase of the site in 1968, the government proceeded to lay the groundwork for the construction project and build the necessary infrastructure, including a railroad track, port, and dam. At this time, the Pohang Iron and Steel Company built a temporary wooden building, nicknamed "Rommel House," on the construction site to serve as an office dedicated entirely to the preparations being made for the construction of the integrated steelworks and began thoroughly reviewing the 10,000-page General Engineering Plan (GEP).

Purchasing equipment was another task that required the company's full attention. It encountered many problems in the process of purchasing the huge amount of expensive equipment needed for the project, such as rebate-related issues and conflicts with bureaucrats. Having anticipated these issues, President Park Tae-joon of the Pohang Iron and Steel Company met with President Park Chung-hee in February 1970. During the meeting, President Park signed a document handwritten by Park Tae-joon that outlined recommended measures and encouraged him to do what needed to be done with conviction. This piece of paper, later called "Paper Mapae (a tablet used by secret royal inspectors in the Joseon dynasty to requisite horses and men to complete their royal missions)," became the basis for the Pohang Iron and Steel Company to make reasonable equipment purchases in accordance with the rules.

The Pohang Iron and Steel Company made efforts to increase the profitability and cost competitiveness of the project from the outset of construction. The reverse construction method, in which construction is carried out in reverse order, and shortening of the construction period were part of those efforts. The first parts of the integrated steelworks to be built were a blast furnace, steel mill, and rolling mill, following the order in which steel products are produced. However, Phase 1 of the construction of the Pohang Steelworks began with a hot rolling mill. This was a strategic choice—after completing the rolling mill, the company planned to import partially manufactured goods with which to produce finished goods and use the profits to sustain the company. Since the construction of an integrated steelworks requires a broad range of machinery, electrical, construction, and engineering technologies, most developed countries at the time added 10 to 20 percent to their estimated construction times to account for the complexity of such projects. However, in an attempt to meet the rapidly increasing demand for steel as quickly as possible and reduce the production cost, the Pohang Iron and Steel Company put an incredible amount of effort into shortening the construction period.

When the groundwork for the hot rolling mill was delayed in August 1971, the company declared the "Hot Rolling Emergency" and instituted all-night shifts to lay the concrete foundation in two months, rather than the planned five months, and shortened the construction period by a month.

Chapter 02 Construction of the Pohang Steelworks 051

This "spirit of rapid construction" became the company's main means of overcoming crises. After this, it became necessary to accelerate the timetable for the remaining construction work. Completed in July 1972, a steel plate plant was the first single factory unit to be built on the site, followed by a hot rolling mill in October. In June 1973, the first firing of the Pohang No. 1 blast furnace, the first large-scale blast furnace in Korea, was conducted. On July 3, 1973, the completion ceremony for Phase 1 of the comprehensive construction of the Pohang Steelworks was held, announcing the creation of Korea's first integrated steelworks throughout the country and overseas. After the completion of Phase 1, the Pohang Steelworks, which had an annual production capacity of 1.03 million tons of crude steel, gave Korea the opportunity it needed to become an economic powerhouse. Although the Pohang Iron and Steel Company consistently shortened the construction periods from Phase 1 to Phase 4, it always managed to ensure the high quality of its construction work. Poor construction was unacceptable. For instance, when the power generation and ventilation facilities were about 80 percent completed, the concrete structure was found to be defective. In response, the company had the facilities demolished. The company also conducted an exhaustive inspection of all large-diameter bolts, retightening any that had been poorly installed.

The Pohang Iron and Steel Company began normal operations of the Pohang Steelworks in only four months after the construction of the facility was completed. This achievement was quite remarkable, as it took developed countries with advanced steel industries one year or longer to achieve the same feat. In 1974, one year after the construction was completed, the company made several other exceptional accomplishments, including shipping one million tons of steel products, achieving KRW 100 billion in sales and USD 100 million in exports, and realizing KRW 35.5 billion in profits. Considering that domestic sales prices had been slashed by 21 to 42 percent compared to the prices in overseas countries in the spirit of "repaying the country through the production of iron and steel," this was an extraordinary achievement, particularly since Phase 2 of the construction of the Pohang Steelworks was in progress at the time as well. Based on the profits the company earned in the first year of the steelworks' operation, the Pohang Iron and Steel Company continued to record a surplus year after year.

The expansion of the facility progressed at an incredible pace, with Phase 2 starting in December 1973 and being completed in May 1976. The completion of Phase 2 saw the production capacity of the steelworks' increased by 150 percent and attracted the attention of steel industries around the world for its successful construction of a continuous casting facility, which even advanced steel companies at the time had been reluctant to build due to the technological and engineering difficulties involved. In February 1977, the construction of the No. 1 cold rolling mill was completed to actively meet the domestic demand for cold rolled steel products for the home appliance and automotive industries and lead the development of related industries.

Phase 3 of the construction of the Pohang Steelworks, which began in August 1976, involved the installation of 18 facilities, including two new facilities, and required more materials than Phases 1 and 2 combined. It was the largest-scale construction project since the founding of the Republic of Korea. While the company struggled with the burden of operating the steelworks and carrying out this massive construction project at the same time, numerous accidents occurred, causing great difficulty.

On April 24, 1977, molten iron began leaking in the steel mill, making normal operation of the mill impossible. Foreign experts assessed the situation and said that it would take at least four months to make the mill fully operational. However, thanks to their unwavering commitment, the employees and executives of the Pohang Iron and Steel Company had the mill up and running again in 34 days. Of course, it would have been much better if the accident had not occurred in the first place, but it gave the company an opportunity to show its unique and incredible will power and raised its awareness of safety. Phase 3 was completed in December 1978, five months earlier than expected, thanks to the workers who gave up their Chuseok holiday to focus on the construction effort. With this, the Pohang Iron and Steel Company established

a highly competitive steel production facility and system with an annual production capacity of 5.5 million tons, making Korea the 11th country in the world with a steelworks with 5.5 million-ton capacity.

Phase 4 of the construction of the Pohang Steelworks began in February 1979 with the drafting of a detailed environmental safety management plan. With the completion of comprehensive construction in February 1981, the Pohang Iron and Steel Company had secured an annual production capacity of 8.5 million tons of crude steel. This brought Korea's crude steel production capacity to 12.1 million tons and raised the country's self-sufficiency rate for steel up to 89 percent.

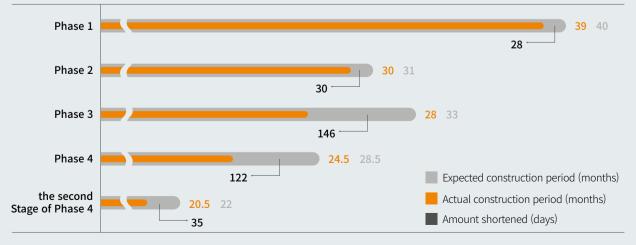
After over a decade, from the beginning of Phase 1 to the comprehensive completion of Phase 4 in February 1981, the Pohang Iron and Steel Company had achieved a great feat, later called the "Miracle of Yeongilman Bay." The company truly created something out of nothing. Led by President Park Tae-joon as their "field commander," the employees and executives of the Pohang Iron and Steel Company, along with the foreign experts and domestic and foreign equipment suppliers and construction companies that were involved, fought against time and turned the wild plain of Yeongilman Bay into a huge integrated steelworks.

The construction of the integrated steelworks had begun with nothing but determination, as Korea lacked the engineering technology, experience, and money to carry out the project. However, as it built and continuously expanded the facility, the company was able to acquire greater technological knowledge and expertise. In the end, it was able to finalize the design and equipment of the steelworks using technologies developed in Korea and secured the necessary operational technology as well. This was made possible by the employees and executives coming together under the company's management philosophy of overcoming the Japanese colonization of Korea's steel industry and acquiring the best technologies.

Afterward, with the completion of the second stage of Phase 4 of the comprehensive construction of the Pohang Steelworks, the Pohang Iron and Steel Company secured an annual production capacity of 9.1 million tons. And thus the massive construction project in Yeongilman Bay, which began with Phase 1 in 1970, came to a conclusion after 13 years.

The Pohang Iron and Steel Company was able to overcome numerous difficulties and complete the construction of the integrated steelworks thanks to its deeply rooted values, such as the spirit of "repaying the country through the production of iron and steel" and the spirit of "right face," which united those involved to devote themselves to the construction of the steelworks to the point of saying that they would jump into the ocean if they failed. These values led the construction and operation of the Pohang Steelworks and greatly contributed to improving the cost competitiveness of the facility.

Shortened Construction Period for the Pohang Steelworks



01 Beginning of the Great History of Yeongilman Bay

On April 1, 1970, the Pohang Iron and Steel Company began Phase 1 of the construction of the Pohang Steelworks in Daesong District, Yeongil County, North Gyeongsang Province. At the groundbreaking ceremony, President Park Chung-hee, Deputy Prime Minister Kim Hakryul, and President Park Tae-joon of the Pohang Iron and Steel Company pressed the start buttons to symbolize the beginning of the project, ushering in the first chapter of the huge construction project in Yeongilman Bay. Once the construction began, Park Tae-joon inspected the construction site day and night and encouraged the workers. During his visits, he reminded everyone of their great duty and responsibility: "We are building this integrated steelworks on the blood of our ancestors. If we fail, we will be committing a sin that can never be forgiven. So, we must pledge to turn 'right face' and drown ourselves in Yeongilman Bay if we are unable to complete this project." Since then, the "spirit of right face" has created a culture of commitment at the Pohang Iron and Steel Company that has allowed it to overcome numerous crises through the years.







- O1 At the groundbreaking ceremony for Phase 1 of the construction of the Pohang Steelworks (which the Korean people had long wished for), held on April 1, 1970, President Park Chung-hee, Deputy Prime Minister Kim Hak-ryul, and President Park Tae-joon of the Pohang Iron and Steel Company pressed start buttons to mark the official launch of the project.
- **02** Even amid the adverse conditions in the area, including strong gusts of wind and blowing sand, the deafening boom of piles being driven into the ground never ceased.
- O3 This photo shows President Park Chung-hee, Deputy Prime Minister Kim Hak-ryul, and President Park Tae-joon of the Pohang Iron and Steel Company stepping down from the podium on their way to press the start buttons.

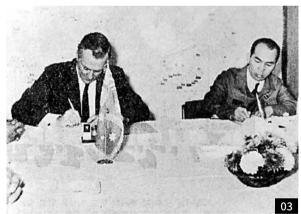
02 Purchase of Equipment and Raw Materials

In accordance with the preliminary engineering service contract it signed with Japan Group (JG) on December 15, 1969, the Pohang Iron and Steel Company confirmed the equipment plan for Phase 1 for a facility with an annual production capacity of 1.03 million tons and began purchasing equipment. However, the company soon faced pressure from within Korea and overseas. In February 1970, President Park Tae-joon of the Pohang Iron and Steel Company discussed the company's discretionary power to purchase equipment with President Park Chunghee, who signed a document, later nicknamed "Paper Mapae," supporting reasonable equipment purchases and removing a great deal of pressure.

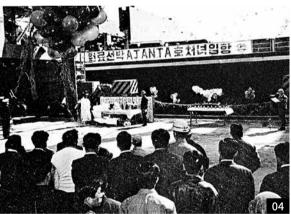
In July 1971, when Phase 1 was underway, Park Tae-joon headed to Australia with a few photographs of signs marking the location where the steelworks would be built on the wild plain of Yeongilman Bay. As Korea lacked the quantities of resources required for the project and desperately needed a stable supply of iron ores and coal for the operation of the steelworks, it was necessary, but not easy, to persuade raw material suppliers in Australia to provide the necessary materials, as Japan had already claimed Australia, which was strategically located, as its base for securing raw materials for steelmaking and had influence over the suppliers. But giving up was out of the question. Thanks to his persistent efforts, Park was finally able to sign a long-term contract with an Australian company for the supply of iron ores and coal. Moreover, he managed to receive the supplies at the same prices and conditions as Japan, despite the fact that Korea purchased a smaller amount than Japan.







- 01 The signature of President Park Chung-hee, granting discretionary power to the Pohang Iron and Steel Company to purchase equipment, and a note handwritten by President Park Tae-joon of the Pohang Iron and Steel Company.
- 02 On May 29, 1970, the Pohang Iron and Steel Company exchanged a memorandum stating its decision to designate Mitsubishi Corporation as the supplier of the equipment for a hot rolling mill, and signed the contract on September 19, 1970.



- 03 When the issue of securing the iron ore and coal necessary for the operation of the steelworks arose after the construction was complete, President Park Tae-joon of the Pohang Iron and Steel Company went to Australia, made persistent efforts to persuade mining companies there to become suppliers for the company, and finally signed a long-term iron ore supply contract with Australia's Hamersley Iron Pty Ltd. on November 25, 1971.
- 04 On March 2, 1973, the first raw material transport vessel, Ajanta, sailed into Pohang Port.

03 Transforming Crises into Opportunities: Starting Point of the Tradition of Shortening Construction Times

When the construction of the steelworks began, President Park Tae-joon emphasized to everyone, including the executives, employees, and construction workers, the pride and sense of duty they should feel for participating in the long-desired national project, saying, "If we fail to complete the construction of this steelworks, for which those who came before us have already shed blood, we will have to turn 'right face' and drown ourselves in Yeongilman Bay." To ensure this success, he took every measure to guarantee the establishment of a construction and management system and process control system. However, during the construction process, it was impossible to avoid delays. The construction of a hot rolling mill began in October 1970, but difficulties arose when laying the concrete. On August 20, 1971, Park declared the "Hot Rolling Emergency," and ordered an acceleration of the construction work on September 5, saying that they had to "lay 700 cubic meters of concrete every day, no matter what." Due to this superhuman effort, the Pohang Iron and Steel Company was able to call an end to the "Hot Rolling Emergency" on October 31 and ended up finishing the construction one month earlier than originally planned. Since then, the "spirit of right face" and the "rapid construction system" have become core traditions of the Pohang Iron and Steel Company.









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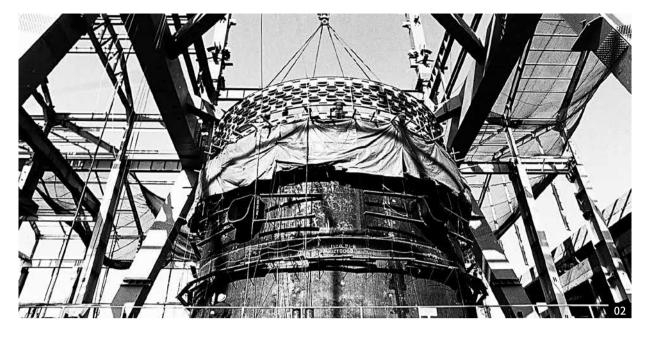
- 01 This photo shows construction workers busy laying concrete at the construction site of a hot rolling mill after the declaration of the "Hot Rolling Mill Emergency" in 1971.
- O2 President Park Tae-joon, who declared the "Hot Rolling Mill Emergency," personally visited the construction sites to check the ready-mix concrete trucks and support the implementation of the company's unique rapid construction system.
- 03 After the declaration of the "Hot Rolling Mill Emergency," the Pohang Iron and Steel Company installed a lighting tower for nighttime construction work.
- 04 Groundwork underway at the site of the hot rolling mill on May 12, 1971.
- 05 A handwritten note from President Park Tae-joon of the Pohang Iron and Steel Company ordering the workers to lay "700 cubic meters of concrete every day, no matter what."

058 POSCO's 50 Years of History Photo Book

04 Construction Site of the Integrated Steelworks

For Phase 1, the Pohang Iron and Steel Company selected the reverse construction method for building the hot rolling mill, which is used for a backward process, rather than the blast furnace and steel mill, which are used for forward processes. This measure was taken in consideration of the limited budget for the project. The plan was to build a plant to produce finished goods, sell those goods for profits, and then use the profits for the management of the company. From 1971 to 1972, the Pohang Iron and Steel Company signed contracts for 927 construction projects, including 259 civil engineering, 149 architecture, 72 plumbing, 71 machinery, 156 electrical, 14 measuring device installation, 11 shaft passage, and 195 other types of projects. Construction meetings were held regularly to ensure the smooth implementation of the construction process, with particular emphasis on schedule management. During this time, the bare plains of Yeongilman Bay were gradually transformed into a large-scale integrated steelworks complex. Meanwhile, the Pohang Iron and Steel Company relocated its main office from Seoul to Pohang on December 31, 1972, to establish a comprehensive support system and prioritize on-site activities above all else.













- 01 A view of Phase 1 of the Pohang Steelworks, which was completed in June 1973.
- 02 Construction of the Pohang No. 1 blast furnace.
- ${\color{red}03}$ Construction of the No. 1 steel mill.
- 04 A view of the construction site of the hot rolling mill (National Archives of Korea).
- 05 Installation of the steel plate plant housing.
- 06 On January 4, 1973, a ceremony was held to put the sign up on the main office, which was relocated to Pohang.

05 | Fruits of Blood and Sweat: First Shipment of Products

On July 4, 1972, the Pohang Iron and Steel Company completed the construction of a steel plate factory, the first among the facilities to be constructed in Phase 1, one month earlier than expected. On July 31, the first shipment of steel plates for the manufacturing of oil storage tanks for Honam Oil Refinery's Yeosu refinery was sent off amid the cheers of President Park Tae-joon and executives and employees of the company. On October 3 of the same year, the construction of the hot rolling mill, one of the core facilities of Phase 1, was completed and put into operation one month earlier than expected. To commemorate this event, Park Tae-joon wrote "Fruits of Blood and Sweat" on the first batch of hot rolled coils, praising the efforts of the executives and employees of the company who had worked so hard together out of their shared sense of duty to lead Korea's economic development and industrialization.







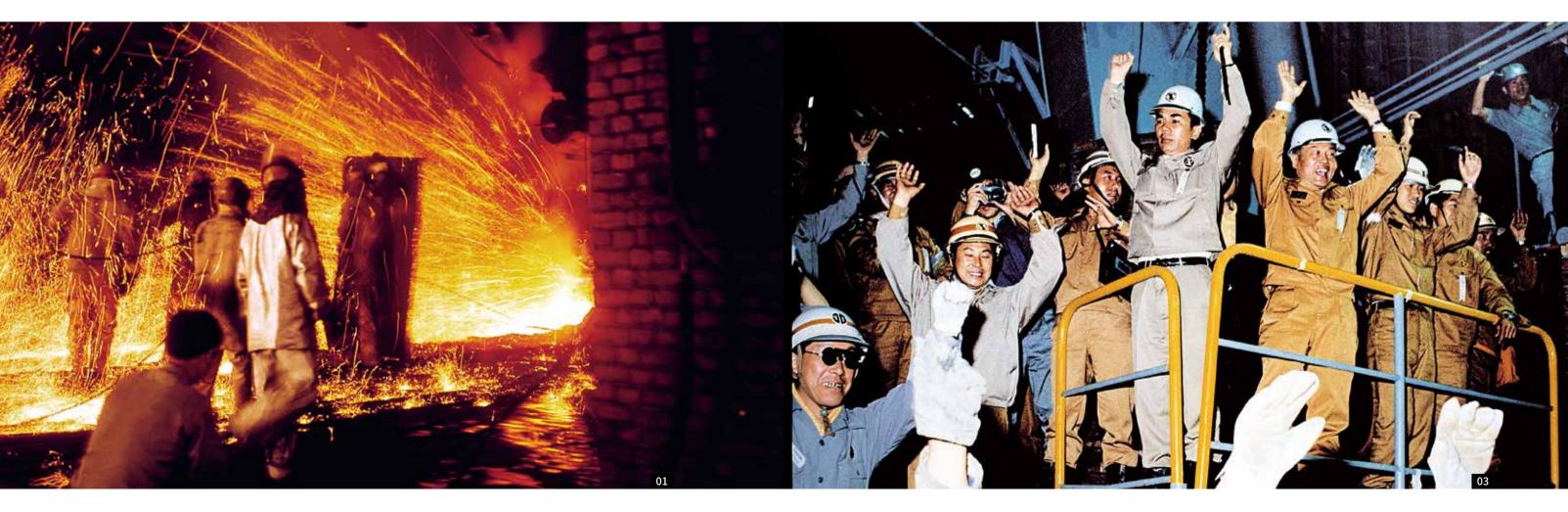
- 01 On October 3, 1972, President Park Tae-joon wrote "Fruits of Blood and Sweat" on the first batch of hot-rolled coils.
- 02 On July 31, 1972, the Pohang Iron and Steel Company sent off its first shipment of steel plates.
- 03 On October 3, 1972, the construction of the hot rolling mill was completed, and the Pohang Iron and Steel Company began pilot operation.

| 06 | Hoorah! The Touching Moment of Initial Tapping

At 7:30 a.m. on June 9, 1973, golden molten iron poured out of the tap of the Pohang No. 1 blast furnace for the first time. The executives and employees of the Pohang Iron and Steel Company who had been waiting anxiously for the molten iron to flow shouted "Hoorah!" at the top of their lungs at the sight. Since the furnace had been fired at 10:30 a.m. on June 8, the executive and employees had waited 21 hours for the great feat. Blast furnaces are the core facilities of integrated steelworks, and the molten iron produced in the blast furnaces is a major material for steelmaking. Considering this, the firing and initial tapping of the Pohang No. 1 blast furnace remains the most important milestone in the 50-year history of POSCO.

- 01 At 7:30 a.m. on June 9, 1973, the first tapping took place, amid great excitement.
- 02 On June 7, 1973, the firing ceremony was held using solar heat in the plaza in front of the main office.
- 03 When molten iron began pouring out, President Park Tae-joon of the Pohang Iron and Steel Company, along with executives and employees who had been waiting in nervous anticipation, all cheered loudly together.



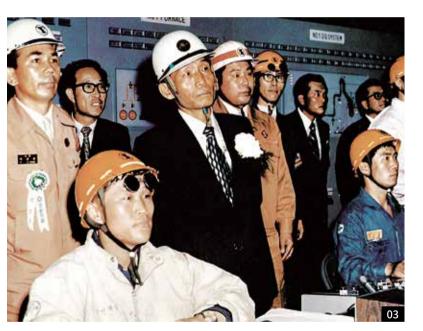


07 Birth of the First Korean Integrated Steelworks (Completion of Phase 1)

After the first tapping, the Pohang Iron and Steel Company launched the operation of a converter to remove the impurities from the molten iron at the steel mill on June 15, 1973, completed the construction of the cogging and billet plants four days later, on June 19, and soon started conducting test runs of all 12 facilities in the 10 plants. With this, 39 months after construction began, the Pohang Iron and Steel Company completed Phase 1, creating a facility with an annual production capacity of 1.03 million tons. On July 3, 1973, the company held a comprehensive completion ceremony for Phase 1, with President Park Chung-hee, Park Tae-joon, and other guests in attendance. Phase 1 involved the construction of 22 plants and facilities, including a blast furnace, steel mill, hot rolling mill, and other supporting facilities. A total of 3,154,884 construction workers participated in the project each year, and the total construction cost was KRW 120.4 billion, which is three times more than the construction cost of Gyeongbu Expressway. When Phase 1 was completed, the people of Korea rose up to express their support for Korea's first integrated steelworks. Newspapers and the media reported extensively on the completion of the construction project, and Seoul Metropolitan Government commemorated the occasion by erecting a memorial arch with a banner reading "Congratulations on the Completion of the Pohang Steelworks" at the four-way intersection at Gwanghwamun. Such national celebration surrounding the completion of Phase 1 announced Korea's long-awaited embrace of the heavy and chemical industries.





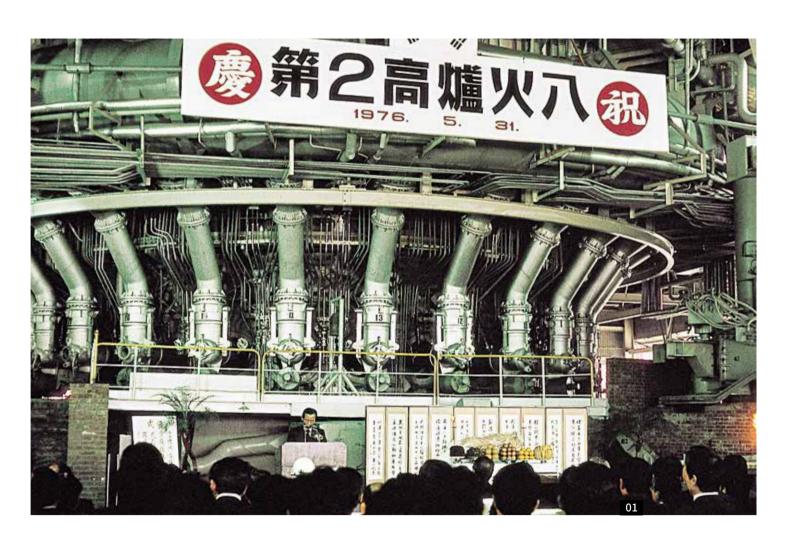


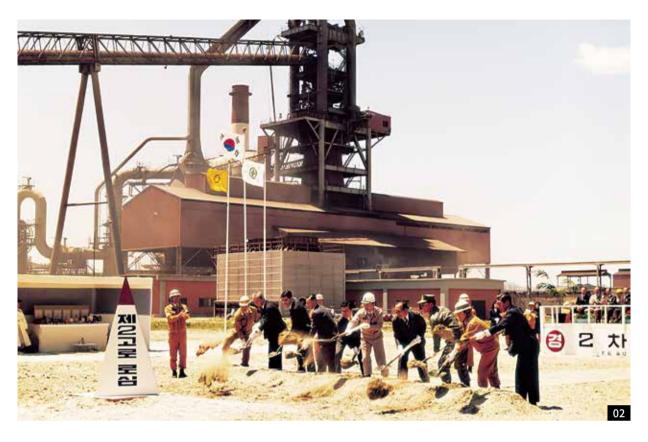


- 01 At 2 p.m. on July 3, 1973, the Pohang Iron and Steel Company held a completion ceremony for Phase 1 of the construction of the Pohang Steelworks, with President Park Chung-hee in attendance.
- 02 An arch commemorating the completion of the Pohang Steelworks erected in Gwanghwamun, Seoul. The completion of Phase 1 of the construction of the Pohang Steelworks was a national accomplishment that attracted the interest of all citizens and was reported on by all media and the press.
- 03 Here, President Park Chung-hee and President Park Tae-joon of the Pohang Iron and Steel Company, who attended the completion ceremony, are taking a look around the steel mill.
- **04** A memorial tablet for the completion of Phase 1 of the comprehensive construction of the Pohang Steelworks.

066 POSCO's 50 Years of History Photo Book

Unlike most companies, which usually start exporting products based on the growth of domestic consumption, the Pohang Iron and Steel Company began selling its products domestically and exporting them internationally at around the same time. On July 31, 1972, only three months after the first shipment of steel was sent out to the domestic market, 7,066 tons of steel plates were exported to the United States and Taiwan. In the following year, the company exported steel to 21 countries, thanks to its solid cost competitiveness, and achieved exports of USD 100 million within only two years. It sold steel to Korean companies at prices 21 to 42 percent less than the prices it offered to foreign companies, which greatly contributed to Korean companies' efforts to compete in the global market. The Pohang Iron and Steel Company finished Phase 2 of the comprehensive construction of the Pohang Steelworks on May 31, 1976, increasing the steelworks' annual crude steel production capacity to 2.6 million tons. With this, the company came to account for 55 percent of the nation's steel supply and contributed to the development of the national economy. In addition to its exports, it also achieved an import-substitution effect of USD 226 million.







- 01 On May 31, 1976, the Pohang Iron and Steel Company completed Phase 2 of the construction of the Pohang Steelworks and conducted the first firing of the Pohang No. 2 blast furnace, which had an annual production capacity of 1.57 million tons.
- O2 Phase 2 of the construction of the Pohang Steelworks began on December 1, 1973, five months after Phase 1 was completed. This photo shows executives, employees, and guests taking the first scoop in the hearth coke bed of the No. 2 blast furnace.

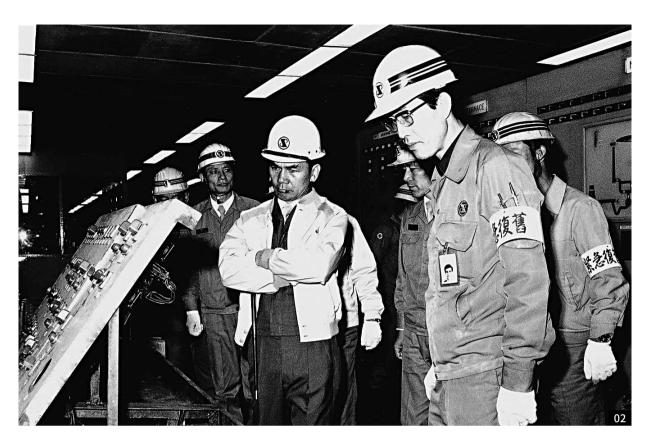


- O3 Published in July 2, 1974, this issue of Maeil Business Newspaper summarizes the achievements of the Pohang Iron and Steel Company in its first year and its future prospects, emphasizing the fact that the company had achieved a surplus of KRW 24.2 billion.
- 04 On December 31, 1974, the Pohang Iron and Steel Company reached the milestones of USD 100 million in steel exports and one million tons of steel shipments.

09 Accidents and Making Safety a Way of Life

On April 24, 1977, a fire broke out when 44 tons of molten iron poured out of the steel converter in the No. 1 steel mill. It was the first and largest accident in the history of the Pohang Iron and Steel Company. The accident was immediately reported to the government, and the company instituted an emergency work system in response. The Japanese experts who thoroughly inspected the site of the accident expected the repair work to take three to four months to complete, which would have caused major disruptions in production and resulted in industrywide damage. This was when the "spirit of rapid construction" that is unique to the Pohang Iron and Steel Company showed its full potential. After deciding on July 1 as the day by which full operation would be restored, the company began the repair work. On May 21, the No. 3 converter was fully restored, followed by the No. 2 converter at 10 p.m. on May 28. The steel mill was fully functional again in only 34 days. This was possible because the executives, employees, and even their families worked as hard as they possibly could to repair the mill and overcome the crisis. After this accident, the Pohang Iron and Steel Company changed the company's Safety Day from the first of every month to April 24 to ensure that everyone would remember the lessons they learned from the incident and make the pursuit of safety a way of life.









- **01** On April 24, 1977, the largest steel mill accident since the founding of the Pohang Iron and Steel Company occurred. The next day, a steel mill restoration headquarters was established, and an emergency work system was instituted.
- 02 In this photo, President Park Tae-joon of the Pohang Iron and Steel Company is taking a look around the scene of the accident. The Japanese experts who thoroughly inspected the accident site expected the repair work to take three to four months to complete.
- 03 The way these cables are bent like taffy indicates the level of devastation on the accident site. Contrary to the Japanese experts' expectation, the steel mill was back in operation only 34 days after the restoration work began.
- 04 Due to the steel mill accident, there were problems processing the molten iron produced in the Pohang No. 1 and 2 blast furnaces. To resolve this issue, the Pohang Iron and Steel Company came up with the idea of using furrows in the fields as a pig casting machine.

070 POSCO's 50 Years of History Photo Book

10 Another Company Value: Dedication to Perfection in Construction

Phase 3 of the comprehensive construction of the Pohang Steelworks began on August 2, 1976, with the beginning of the construction of the No. 2 steel mill. This project set a new record for the largest construction project since the founding of the country and was focused on expanding the existing facilities and establishing two new facilities, including the No. 3 blast furnace, wire rod mill, and electric steel mill. However, the construction was delayed, as it required materials that were difficult for Korean construction companies to supply and there was a problem securing the necessary skilled personnel due to the boom in the construction industry caused by large construction projects in the Middle East and the construction of apartment complexes. Despite the delays, the company refused to lower the standards of its construction. For example, on August 1, 1977, President Park Tae-joon of the Pohang Iron and Steel Company discovered that a basic concrete structure at the power generation and ventilation facilities was defective and ordered that the structure be demolished, even though it was 80 percent completed. The demolition of the structure on August 2 reminded all the construction personnel who witnessed it about the company president's firm determination, and the company's dedication to perfection in construction remained strong throughout the construction of the Gwangyang Steelworks.







- **01** On August 2, 1977, the Pohang Iron and Steel Company demolished a structure at the power generation and ventilation facility, even though it was about 80 percent complete, because it had been found to be defective.
- 02 Here, a bulldozer demolishes the defective structure at the power generation and ventilation facility. Defects and poor construction were unacceptable.
- **03** After the demolition of the concrete structure, defective iron products were also cut on August 23, 1977.

11 Largest Construction Project Since the Founding of the Nation (Completion of Phase 3)

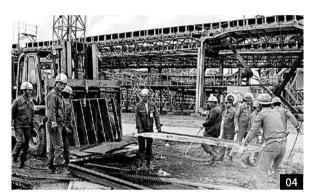
As the largest construction project since the founding of the nation, Phase 3 of the construction of the Pohang Steelworks required special measures to ensure that the construction work was completed on time. Therefore, on June 12, 1978, a "Construction Emergency" was declared, and the company concentrated all its energy on construction and even held a campaign that encouraged workers to give up their Chuseok holidays in September. Starting on September 24, 1978, an emergency construction meeting, chaired by President Park Tae-joon, was held every morning and night for 66 days until November 28, when the construction was completed. Backed by the construction emergency and the company's full attention, Phase 3 was completed on December 8, 1978. The entire construction process took 28 months, which is five months less than expected, and the company established a facility with an annual crude steel production capacity of 5.5 million tons. With the completion of Phase 3, the Pohang Iron and Steel Company rose to the 29th place among the 308 steelworks in the world at the time, and Korea became the 11th country in the world to build a steelworks with an annual production capacity of 5.5 million tons.





浦項製鐵創立博和念 一九七八年四月一日 大統領 朴正忠歷









- 01 On August 13, 1978, two months after declaring an emergency to meet the construction deadline, President Park Tae-joon of the Pohang Iron and Steel Company raised the awareness of employees by writing "Charge Onward."
- 02 On April 1, 1978, in celebration of the 10-year anniversary of the founding of the Pohang Iron and Steel company, President Park Chung-hee encouraged the employees of the company by writing "Steel is national power."
- 03 A brick used in the No. 3 blast furnace. The word "Tenacity" was written on it by President Park Tae-joon of the Pohang Iron and Steel Company, referring to the dedication of the company's employees.
- O4 From October 14 to November 30, 1978, the Pohang Iron and Steel Company operated a detached unit that collected and processed discarded materials and trash and cleaned up various materials at the construction site.
- 05 If the workers had taken the Chuseok holidays off in 1978, it would have been impossible to complete Phase 3 of the construction of the Pohang Steelworks on schedule. The Pohang Iron and Steel Company thus launched a campaign to encourage workers to give up their holidays and held a joint ancestral rite ceremony on Chuseok Day (September 17).
- 06 In the afternoon of December 9, 1978, the Pohang No. 3 blast furnace poured out molten iron for the first time.

12 | Efforts to Secure a Stable Supply of Raw Materials

The two oil crises in 1973 and 1978 led to an increase in coal prices and a coal supply shortage around the world, leading to the emergence of resource nationalism. The Pohang Iron and Steel Company, which had been relying on imports for the operation of the steelworks, was hit hard by the increases in the prices of raw materials. As a way of overcoming this crisis, the company sought to change the policy focus from simple imports to overseas resource development, thereby laying the groundwork for the purchase of raw materials at reasonable prices and improving supply stability. Starting with the Tanoma mine in the United States in 1978 and moving on to the Mount Thorley mine in Australia in 1981 and the Greenhills mine in Canada in 1982, the Pohang Iron and Steel Company participated in the development of mines around the world and established the foundation for securing a stable supply of raw materials.









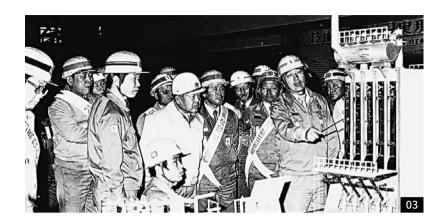
- **01** On January 13, 1981, the Pohang Iron and Steel Company established Pohang Steel Australia Pty. (POSA) in Australia to promote the development of the Mount Thorley mine, which entered operation in 1982.
- 02 On November 17, 1978, the Pohang Iron and Steel Company established Tanoma Coal Co. (TCC) in the United States to develop the Tanoma mine, which entered operation in September 1982.
- 03 On July 9, 1982, the first shipment of coal arrived from the Mount Thorley mine in Australia.
- 04 This photo shows Greenhills mine when coal mining was in full swing. In March 1982, the Pohang Iron and Steel Company established Pohang Steel Canada (POSCAN) in Canada to develop the Greenhills mine and began coal mining operations and development construction in July 1983.

13 | Strengthening of Corporate Structure and Self-Management Activities

The global steel industry entered a recession after the two oil crises in the 1970s. To overcome the recession, the Pohang Iron and Steel Company established a company-wide plan to strengthen its corporate structure in May 1979 and concentrated on making qualitative improvements across all areas of the company starting in 1980. The self-management activities that the company had emphasized since 1979 were fully established in the 1980s, based on the Zero Defect (ZD) Movement of the 1970s, which stressed the reorganization of the self-management activity system and skills development. Self-management activities flourished at around this time, with the founding of Self-Management Magazine, establishment of Self-Management Day, and creation of a symbol to represent self-management. Through these self-management activities, individuals and small groups were encouraged to set improvement goals and pursue achievements independently, which contributed greatly to strengthening the company's corporate structure.









- **01** On August 28, 1980, the Pohang Iron and Steel Company held the first seminar on improving the company's structure.
- 02 On April 1, 1980, the Pohang Iron and Steel Company published the first issue of Self-Management Magazine.
- 03 This photo, taken on November 4, 1981, shows President Ko Jun-shik of the Pohang Iron and Steel Company taking a look around the site of the self-management promotion event.
- 04 Self-management activities began in 1974. This photo is of the company-wide self-management competition that was held in autumn on November 6, 1981.

14 | Final Chapter in the Great History of Yeongilman Bay (Completion of Phase 4)

In April 1977, when Phase 3 of the construction of the Pohang Steelworks was in full swing, the Pohang Iron and Steel Company established a plan for Phase 4, with the aim of establishing steelworks facilities with an annual production capacity of three million tons of crude steel using its own technology. In March 1978, the company succeeded in securing non-guaranteed government loans. On April 28 of the same year, construction began on the No. 2 hot rolling mill, the largest single mill in Korea and which accounted for 30 percent of Phase 4 construction. The groundbreaking ceremony for Phase 4 was held on February 1, 1979. Based on the experiences and expertise it had accumulated during Phase 3 and the earlier phases, the company reviewed all potential problems in processing, quality, safety, and other areas, and established response measures. As a result, Phase 4 construction work was carried out without any major issues and was completed four months earlier than expected. With the firing on February 18, 1981, Phase 4 of the comprehensive construction of the Pohang Steelworks was completed, and the Pohang Iron and Steel Company had secured a steelworks with an annual crude steel production capacity of 8.5 million tons. As the foreign media reported at the time, the Pohang Iron and Steel Company stood as proof of Korea's rapid growth and development and was a "symbol of Korea's growing economic confidence" and the "future of Korea's steel industry."









- 01 With the firing of the Pohang No. 4 blast furnace on February 18, 1981, the Pohang Iron and Steel Company completed all four phases of the steel works' construction 10 years and 10 months after Phase 1 of the construction of the Pohang Steelworks first got underway. With this, the company had gained an integrated steelworks with an annual production capacity of 8.5 million tons.
- 02 On February 18, 1981, President Chun Doo-hwan attended the completion ceremony for Phase 4 of the construction of the Pohang Steelworks and fired the No. 4 blast furnace.
- 03 A memorial monument erected in front of the company's main office in Pohang in celebration of the completion of the steelworks, which had an annual production capacity of 8.5 million tons of crude steel. Its imposing presence represented the future of Korea's steel industry.
- 04 A view of the Pohang Steelworks, a facility with an annual production capacity of 8.5 million tons of crude steel.

15 Completion of Facility with Production Capacity of 9.1 Million Tons and Establishment of an Integrated Stainless Steel Production System

In 1978, the Pohang Iron and Steel Company promoted the second stage of Phase 4 of the construction of the Pohang Steelworks as a means of relieving the steel shortage that was expected to occur between the completion of the first stage of Phase 4 and the construction of the Gwangyang Steelworks. The second stage of Phase 4 included improving the No. 2 blast furnace to increase the maximum annual production capacity to 9.1 million tons of crude steel as well as establishing new facilities, including the No. 2 wire rod mill. With its stronger focus on the localization of facilities, the Pohang Iron and Steel Company was able to increase the equipment localization rate from 12.5 percent in Phase 1 to 41.5 percent in the second stage of Phase 4. The comprehensive construction work for the second stage of Phase 4 began on September 1, 1981, with the construction of the No. 5 coke plant and ended on May 25, 1983, with the firing of the improved No. 2 blast furnace. After completing the integrated steelworks, which had an annual production capacity of 9.1 million tons of crude steel, the Pohang Iron and Steel Company once again stepped up to lead Korea's industrial development. The company decided to respond to the rapidly increasing demand for stainless steel through localization and established an integrated stainless steel production system on March 31, 1989, with the completion of a stainless steel mill, annealing and pickling facilities, and a hot rolling mill. This allowed the company to meet the demands of domestic companies, which had previously relied on imports, and contributed greatly to improving Korea's trade balance.





- 01 Night view of the Pohang Steelworks, which secured an annual production capacity of 9.1 million tons of crude steel with the completion of the second stage of Phase 4 of the construction of the Pohang Steelworks.
- 02 On September 1, 1981, the second stage of Phase 4 of the construction of the Pohang Steelworks got underway when President Ko Junshik pressed the button to officially mark the beginning of the construction. It was completed on May 25, 1983.
- 03 On March 31, 1989, the Pohang Iron and Steel Company completed the construction of an integrated stainless steel production facility with an annual production capacity of 320,000 tons.





Construction of the Gwangyang Steelworks



- **01** Controversy Surrounding the Selection of the End User and Location of the Second Steelworks
- 02 Turning the Sea into Land: Construction of the Shore Protection Facilities
- **03** Ground Improvement Work and Infrastructure Construction
- **04** Phase 1 of the Construction of the Gwangyang Steelworks
- **05** Construction of an Advanced Information Communication Network
- **06** Optimization of the Production Management System
- **07** Stepping Toward a Quality-First Policy
- **08** Founding of POSTECH and the Construction of the Pohang Light Source
- **09** Establishment of the "One Company, Two Steelworks System" (Completion of Phase 1)
- 10 Korea's First National Stock Company
- 11 Becoming the Third Largest Steel Company in the World (Completion of Phase 2)
- 12 Achieved Steel Production Self-Sufficiency Rate of 90 Percent (Completion of Phase 3)
- 13 Completion of the Pohang Iron and Steel Company's over Quarter Century of Construction (Completion of Phase 4)

While the Pohang Iron and Steel Company was busily expanding its facilities, Korea's economy grew rapidly, and the demand for steel continued to increase, leading to public opinion that Korea needed another integrated steelworks besides the Pohang Steelworks. The need for a second steelworks was first suggested based on the economic development forecast and steel demand predictions made in 1972, when Phase 1 of the construction of the Pohang Steelworks was still underway. In July 1973, during the Phase 1 completion ceremony, President Park Chung-hee announced that a second integrated steelworks would be built. However, when the economic downturn began following the oil crisis in 1975, the Korean government decided to focus on expanding the Pohang Steelworks, postponing the plan to build a second integrated steelworks indefinitely.

The construction of a second steelworks reemerged as a national policy issue and topic of discussion in 1977, when the domestic economy had begun to recover. The Ministry of Construction conducted surveys of potential locations and promoted the establishment of a construction plan, while private companies began lobbying the government with the hope of being selected as the end user. The two leading candidates in the race to secure the position of end user were the Pohang Iron and Steel Company and Hyundai Group.

The Pohang Iron and Steel Company argued against entrusting the steel business to the private sector, as it believed doing so would intensify the uneven distribution of wealth, placing a huge burden on the national economy. The company emphasized that selecting a private company as the end user would mean that the first and second steelworks would be unable to cooperate and would compete for manpower. The majority of the press also expressed the opinion that the Pohang Iron and Steel Company should be the end user, considering the importance of the steel industry as a national infrastructure industry, the company's accumulated technology and experience, and the general trend of the global steel industry. In the end, the Pohang Iron and Steel Company was selected as the end user of the second steelworks in October 1978.

Amid the controversy surrounding the project, the Pohang Iron and Steel Company began the process of selecting the site for the second steelworks. The Korean government chose and confirmed Asanman Bay as the site for the second steelworks in July 1979 and again in July 1980. However, in November 1980, the Pohang Iron and Steel Company began independently drawing up a plan to conduct a geological survey of Gwangyangman Bay in cooperation with American and Japanese companies. Based on the survey results and in consideration of economic factors and the need for balanced regional development, the Pohang Iron and Steel Company suggested Gwangyangman Bay as a suitable site for the second steelworks. Finally, on November 1981, the government finalized its decision to make Gwangyangman Bay the location of the second steelworks.

Even though the Pohang Iron and Steel Company was selected as the end user and Gwangyangman Bay was selected as the site for the second steelworks, the company now had bigger issues to worry about—it now needed to figure out how to build the second steelworks in such a way that it could be operated in cooperation with the Pohang Steelworks while also leading the company to grow as one of the world's top steel producers.

After Gwangyangman Bay was confirmed as the site for the second steelworks, the Pohang Iron and Steel Company verified the basic designs for the site and the port for the steelworks in April 1982. The layout of the actual facility was finalized in 1984, and the preparations for construction

Chapter 03 Construction of the Gwangyang Steelworks 085

were completed soon after. As the steelworks was to be built along the shore, the locations of the individual factories and the planned future expansions were prioritized. Due to its location next to the water, which meant that the project required substantial dredging, land reclamation, and ground improvement work, the Gwangyang Steelworks was often referred to as the "steelworks on the sea." While carrying out the ground improvement work during Phases 1 and 2 of the construction of the Gwangyang Steelworks, the Pohang Iron and Steel Company strengthened its technological independence, which allowed the company to proceed with the ground improvement work in Phases 3 and 4 using its own independently developed technology.

Phase 1 of the construction of the Gwangyang Steelworks began in March 1985 and was completed in May 1987, six months earlier than expected. The construction of the Gwangyang Steelworks resulted in the company owning and operating two steelworks with a total annual production capacity of 11.8 million tons of crude steel. The Pohang Iron and Steel Company became the world's fifth steelmaker in terms of annual crude steel production. Moreover, the Republic of Korea became the ninth biggest steel producer in the world. Of the facilities constructed during Phase 1, 49.4 percent were built using domestically developed technology, meaning that the project made a significant contribution to the development of Korea's machine industry.

The facilities plan for Phase 2 of the construction of the Gwangyang Steelworks was drawn up based on the company's own engineering capabilities and completed in September 1986, five months earlier than planned. During Phase 2, typhoons and other natural disasters caused significant damage and great difficulties, but the work was completed successfully in July 1988. With this, the Pohang Iron and Steel Company increased its annual production capacity to 14.5 million tons of crude steel, making it the third largest steelmaker in the world.

Phase 3 of the Gwangyang Steelworks began in November 1988. Despite major labor disputes at Korean manufacturing companies, the construction was completed in December 1990, 58 days earlier than originally planned. With the completion of the Gwangyang No. 1 cold rolling mill in January 1989 and No. 2 cold rolling mill in January 1991, the Pohang Iron and Steel Company was able to support the rapid growth of Korea's automobile and electronics industries.

Phase 4 of the construction of the Gwangyang Steelworks was completed in October 1992, 28 days ahead of schedule. Based on its accumulated experience and capabilities, the Pohang Iron and Steel Company was able to shorten the construction period and reduce the amount of investment funds required during Phase 4. By building the same types of facilities and using the same technologies for all four phases of the construction of the Gwangyang Steelworks, the company was also able to improve stability of its operation during the project. Thanks to the steady policy effort to promote the localization of the steelworks' facilities, the localization rate for Phase 4 was 63.1 percent. In September 1992, the Gwangyang No. 3 cold rolling mill was completed, and the steelworks was equipped with facilities to produce thin plates and surface-treated steel sheets. With the completion of Phase 4 on October 2, 1992, the Pohang Iron and Steel Company finally completed its steelworks construction activities, which spanned a quarter of a century since the company's founding in 1968. During the construction of the Gwangyang Steelworks, the Pohang Iron and Steel Company pursued privatization. Although it was a public corporation, the company had been established as a stock company, as defined in the Republic of Korea's Commercial Act, in consideration of

the necessity for the company to make decisions independently and autonomously rather than relying on government support for its survival. In February 1981, the company became a "state-funded company," and Park Tae-joon was appointed as CEO. In June 1988, the Pohang Iron and Steel Company became the first company listed on the stock market with national stock, as only 35 percent of its issued shares were owned by the government and the Korea Development Bank and the rest were sold publicly. By returning the ownership of the company to the people, the Pohang Iron and Steel Company, which was launched based on the Korean people's desire to build an integrated steelworks, became a true national company.

The Pohang Iron and Steel Company then accelerated its efforts to secure independently developed technologies. Based on the various data, technology, and expertise it had accumulated from the very first of its steelworks construction projects, the company expanded its technological independence and also focused its energy and manpower on the development of new technologies. Looking 100 years into the future, the Pohang Iron and Steel Company founded the Pohang University of Science and Technology (POSTECH) in 1986 and the Research Institute of Industrial Science and Technology (RIST) in 1987. It also created a research and development system that brought together industries, universities, and research institutes.

With the construction of the Gwangyang Steelworks, the company continued intensifying its penetration of overseas markets. After establishing POSAM in the United States in 1984, the company went on to established PUYA in Hong Kong in 1985 and PIO in Japan in 1988, taking strides to secure overseas sales bases. In August 1991, the Pohang Iron and Steel Company announced its vision of "POSCO 2000," deciding to pursue businesses for the future growth of the company, such as the information and communications, construction, and new material sectors, by 2001.

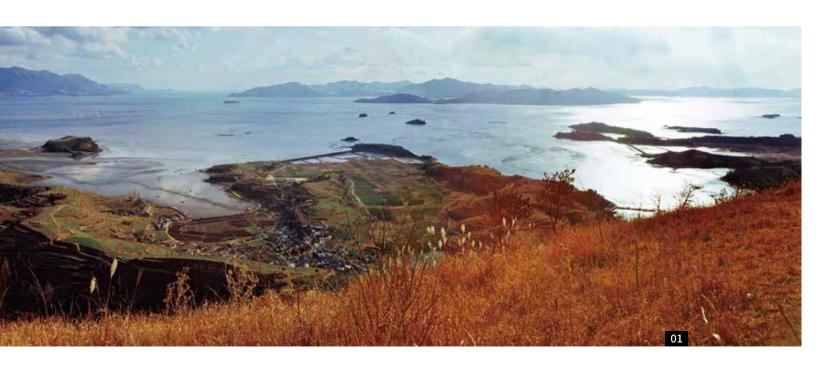
Domestic Steel Demand and Pohang Iron and Steel Company's Contribution (from Phase 1 of the Construction of the Pohang Steelworks to Phase 4 of the Construction of the Gwangyang Steelworks)



01 Controversy Surrounding the Selection of the End User and Location of the Second Steelworks

The Korean government first announced the need for a second steelworks in early 1973, when Phase 1 of the construction of the Pohang Steelworks was still underway. In 1977, the issue of building a second steelworks resurfaced, but this time attention was focused on the issue of "collectivization or privatization," in relation to the selection of the Pohang Iron and Steel Company or Hyundai Group as the end user. In making its case, the Pohang Iron and Steel Company mentioned the importance of the steel industry as one of Korea's key industries, the company's excellent management performance and accumulated technology and experience, and the ongoing expansion of the global steel industry. In the end, the Pohang Iron and Steel Company's argument gained public support, leading President Park Chung-hee to confirm it as the end user of the second steelworks on October 27, 1978. After this, however, the issue of the location of the second steelworks remained embroiled in controversy for some time. Asanman Bay and Garorimman Bay had emerged as potential candidates in 1973, but in 1978 the Pohang Iron and Steel Company took the lead in selecting the location for the second steelworks.

In 1979 and 1980, the government confirmed Asan as the location for the second steelworks, but financing for the project and the lack of technology to build the massive floodgate that would have been required emerged as major problems. Around this time, the Pohang Iron and Steel Company was focusing on Gwangyangman Bay as the best candidate and was conducting a geographical survey of the area. As the end user, the company asked the government to review the site. Acknowledging the company's experience and success in building the Pohang Steelworks, the government finally agreed and decided on Gwangyangman Bay as the site for the second steelworks on November 4, 1981.









- O1 Site of the second steelworks in Gwangyangman Bay in November 1981. Although the terrain of Gwangyangman Bay was rough with steep slopes, the vast tidal flat was sufficient, in terms of its size and geographical conditions, as a site for the steelworks.
- 02 When the Korean government confirmed Asanman Bay as the site for the second steelworks, the Pohang Iron and Steel Company established a construction office for the construction of the steelworks in Poseung District, Pyeongtaek County, in August 1979 and held a signboard-hanging ceremony in November 1979.
- 03 On November 12, 1981, President Ko Jun-shik and others inspected the site for the steelworks.
- 04 The search for the site for the second steelworks began in March 1973 and came to an end eight years and eight months later, with Gwangyang being the final choice. This photo shows the celebration that was held in the town of Gwangyang.

02 Turning the Sea into Land: Construction of the Shore Protection Facilities

When the government finalized Gwangyangman Bay as the site of the second steelworks on November 4, 1981, the Pohang Iron and Steel Company dispatched an advance party of 48 employees to the location on December 1 and officially began work at the local construction office on January 4, 1982. First, the company signed business consignment contracts with the provinces of South Jeolla and South Gyeongsang and initiated the land purchase process, relocation of the residents, and provision of compensation for fishing rights. The opposition the company faced from the residents was unexpectedly fierce, making it difficult to proceed with the construction work. However, determined to build the steelworks without disruption, the company responded to the demands of the residents with a forward-thinking attitude and agreed to reasonable compensation, after which the residents finally completed relocation.

The company then started installing the necessary shore protection facilities—a massive, 13.6-kilometer-long embankment, which was built from September 28, 1982, to September 30, 1984. The 1.93 million cubic meters of stone that was necessary for its construction was secured by blasting on 13 islands within the area, including Sodangdo Island, Geumdangdo Island, and Biundo Island. To ensure there were no flaws in the shore protection facilities, the company conducted thorough underwater inspections and also installed underwater curtains to prevent any possible contamination of the nearby waters due to the construction work.











- 01 Site of the construction of shore protection facilities.
- 02 The construction of the shore protection facilities was completed on September 30, 1984, nine months earlier than planned. With this accomplishment, Phase 1 of the construction of the Gwangyang Steelworks was able to get underway much earlier than planned.
- O3 The Pohang Iron and Steel Company completed the construction of the final embankment, which was the most difficult part of the shore protection facilities, on November 12, 1983, and held a ceremony to celebrate the connection of the shore protection facilities on November 14.
- 04 In this photo, the company personnel who participated in the construction project are commemorating the connection of the final shore protection facilities and celebrating the occasion by tossing flowers into the sea.
- 05 In July 1983, an underwater inspection was conducted to identify defects in the shore protection facilities. Any defects discovered were marked and repaired.

03 Ground Improvement Work and Infrastructure Construction

On February 28, 1983, five months after the construction of the shore protection facilities began, the Pohang Iron and Steel Company started preparing to carry out the dredging and land reclamation work necessary to create the sites for the equipment and support facilities for Phases 1 and 2 of the Gwangyang Steelworks, an employee housing complex, the planned site for the facilities of Phases 3 and 4, and the site for the business complex, in that order. As the steelworks was being built next to the water, it was important to ensure the stability of the ground. By adopting an advanced ground improvement method, making it the first company in Korea to do so, the Pohang Iron and Steel Company finished the ground improvement work for Phase 1 from January 1984 to October 1986 and for Phase 2 from May 1985 to March 1988. Although the company encountered a series of difficulties during the process of driving 980,000 ea of sand piles into the ground using massive 40-meter-tall sand pile installers, it succeeded in laying the foundation for the construction of the Gwangyang Steelworks.

The government also proceeded with the construction of necessary infrastructure, such as port facilities, industrial water supply, railroad tracks, and roads. The first industrial road was opened in June 1983, and the industrial water supply began to run in December 1984. The wharf for bringing in the materials needed to build the steelworks was completed in August 1985, and the railroad tracks connecting to the steelworks were opened in September 1987.





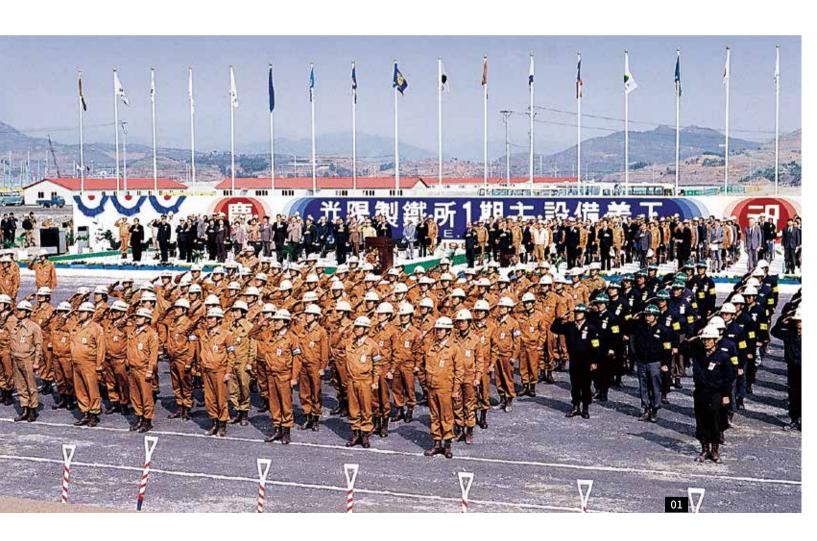




- 01 There were some weak spots in the ground of Gwangyangman Bay, spread across the site of the steelworks. This photo shows piles being driven into the ground to strengthen it.
- 02 The dredging reclamation work for the Gwangyang Steelworks began on February 28, 1983, five months after the construction of the shore protection facilities began. The two projects were carried out side by side.
- 03 This photo shows the top of the girder of Geumho Bridge being installed in February 1983.
- O4 Taken in April 1987, this photo shows the iron ore carrier Hyundai Giant entering Gwangyang Port for the first time.

04 Phase 1 of the Construction of the Gwangyang Steelworks

On December 1, 1981, the Pohang Iron and Steel Company established a construction office in Gwangyang after the city was confirmed as the site for the second steelworks in November. The construction of a hot rolling mill began on October 15, 1984, as the facility was needed to respond to the domestic demand for hot-rolled steel coils. Phase 1 then got underway in earnest on March 5, 1985. For the construction of the Gwangyang Steelworks, the Pohang Iron and Steel Company adopted and applied the American Maritime Mobile Service Identity (MMSI)'s Management And Project Planning System (MAPPS), allowing it to manage the entire construction process scientifically, beginning with the establishment of the plan. However, since the construction work was carried out on unstable ground, difficulties were inevitable. When issues arose in relation to the use of the sheet pile method for the construction of a hot rolling mill, the company switched to the caisson method, and all employees worked around the clock to complete the construction as quickly as possible. As a result, on January 6, 1987, the company was able to initiate a 109-day countdown to the initial firing of the hot rolling mill.





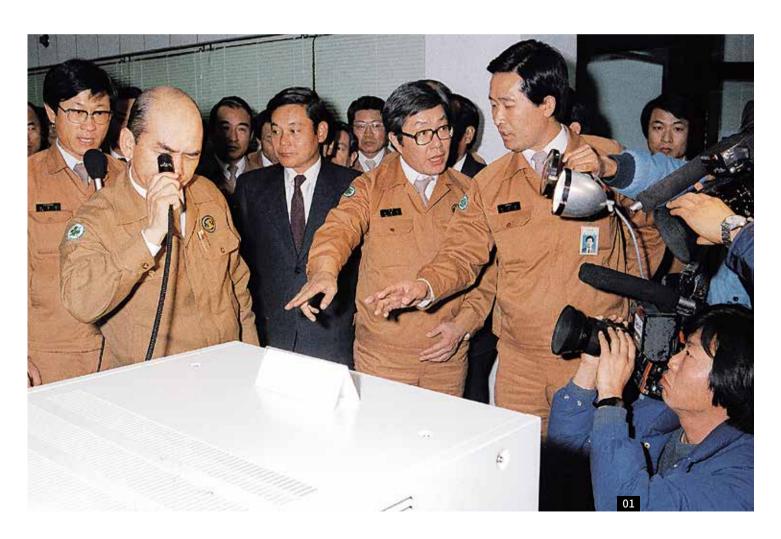
- 01 On March 5, 1985, the Pohang Iron and Steel Company completed Phase 1 of the construction of the Gwangyang Steelworks, which had an annual production capacity of 2.7 million tons.
- O2 Taken on November 21, 1985, this photo shows equipment being taken into the hot rolling mill in the Gwangyang Steelworks.
- O3 Ceremony commemorating the installation of a 250-ton furnace, held at the steel mill of the Gwangyang Steelworks on August 8, 1986.



04 In 1985, Mitsubishi Corporation, the equipment supplier for the hot rolling mill of the Gwangyang Steelworks, donated 20 camphor trees, the planting of which is an effective means of environmental restoration. In 1986, the camphor trees were replanted in the Green Zone, next to the second entrance of the Gwangyang Steelworks, where they still stand today.



Since the steel industry involves large-scale facilities and consistent processes, computerization is essential to operate the facilities without disruption. Understanding this, the Pohang Iron and Steel Company hired data processing personnel to establish a master plan for the computerization of the steelworks in October 1970 and began the computerization process with the installation of the FACOM 230-25 computer system on the first floor of the company's main building in May 1974. Starting in 1983, the company also pursued office automation, establishing a company-wide, integrated office automation system. Personal computers were installed to improve work efficiency, and a fiber-optic LAN system connecting the data processing devices installed throughout the steelworks was put into operation on December 2, 1985. On December 28, 1987, the Pohang Iron and Steel Company became the first company in Korea to operate the steel VAN system, which brought the company's clients and related companies all under one system. Moreover, on January 11, 1988, the company began operating a remote videoconferencing system to support the rapid decision-making of management and enhance the job performance of employees.







- 01 On December 2, 1985, the Pohang Iron and Steel Company began operating a fiber-optic LAN system.
- 02 This photo is of the videoconference that was held among Pohang, Gwangyang, and Seoul on January 11, 1988. It was made possible through the company's fiber-optic digital network.



- 03 On December 28, 1987, the Pohang Iron and Steel Company began operating the steel VAN system, which linked the company's data processing information with those of its transportation companies and client companies all under one
- 04 On January 10, 1994, the Pohang Iron and Steel Company began operating a strategic information system with the aim of achieving administrative innovation in the areas of human resources, finance, purchasing, management, and planning.

06 Optimization of the Production Management System

In 1976, two years after the introduction of general-purpose computers, the Pohang Iron and Steel Company began implementing the computerization of production management work, which had been conducted manually since the beginning of the operation of the Pohang Steelworks. As the number of factories increased and products were diversified, the company pursued the computerization of all areas of production management. The production management system for the Gwangyang Steelworks was launched in March 1985, when Phase 1 of the construction of the steelworks got underway, and the production control center was completed on March 31, 1986. The comprehensive production control center at the Pohang Steelworks was completed on March 31, 1987, and the comprehensive production control system was activated in February 1988, integrating all production control functions. Meanwhile, to ensure the stable supply of bituminous coal for small-scale coal consumers, the company completed the construction of the Pohang Central Terminal System (CTS) on September 6, 1984, and the Gwangyang CTS on April 10, 1986.









- On March 5, 1985, the Pohang Iron and Steel Company started Phase 1 of the construction of the Gwangyang Steelworks and established a master plan for the steelworks' computerization. One year later, on March 31, 1986, it completed the construction of the production control center.
- 02 The Pohang Iron and Steel Company built the first all-weather wharf in Korea, where shipping and loading work could be performed even in adverse weather conditions. It was completed on October 31, 1992.
- 03 On April 10, 1986, the Gwangyang CTS was completed.
- 04 On March 31, 1987, the Pohang Steelworks completed the construction of a production control center capable of comprehensively controlling all production operations.

07 | Stepping Toward a Quality-First Policy

From the very beginning, the Pohang Iron and Steel Company made continuous efforts to improve the quality of its products by consistently making production and quality enhancements. As the company increased its production capacity and enhanced its products, the need to address quality issues grew in importance, leading the company to establish the Quality Information Center at the Pohang Steelworks on December 6, 1980. In addition, before operation of the Phase 1 of the Gwangyang Steelworks, it was necessary to establish a companywide quality management system for the two steelworks. Therefore, in September 1986, the company established a department at the main office to oversee quality control and carried out quality enhancement plans and standardization throughout the company. Afterwards, the Pohang Iron and Steel Company adopted the ISO 9000 quality management system, and the main office and the Pohang Steelworks secured ISO 9002 certification on October 30, 1993. The Gwangyang Steelworks acquired the same certification on December 17, 1993. Through this process, the Pohang Iron and Steel Company greatly improved its quality control and standardization system and established a world-class quality assurance system.







- On December 6, 1980, the Pohang Steelworks established the Quality Information Center to prevent defective products by realizing standardized production and identifying quality issues arising from the early stages of processing.
- 02 The Pohang Steelworks supplemented its quality control and standardization system and secured the ISO 9002 certification.
- 03 On December 17, 1993, the Gwangyang Steelworks secured the ISO 9002 quality certification.

O8 Founding of POSTECH and the Construction of the Pohang Light Source

The Pohang Iron and Steel Company had planned to establish a four-year university in Pohang since 1980, as a way of contributing to the country's national development by fostering students who excel in science. After years of efforts, the company finally received the approval of the Ministry of Education to found a new university in July 1985. The groundwork for the construction of the university began in August 1985, and the master plan to secure the facilities necessary to create a prominent science and engineering school serving Korea's top students was finalized in November of the same year. The construction of the university facilities began in December 1985, and the first phase was completed in November 1986. Finally, on December 3, 1986, the Pohang Science and Technology University was opened, aspiring to become the first world-class, research-centered university in Korea. In March 1994, the institute was renamed the "Pohang University of Science and Technology (POSTECH)."

In May 1988, the Pohang Accelerator Laboratory was established as a research center affiliated with the university, and the third-generation Pohang Light Source (PLS) was completed on December 3, 1994. In September 2016, POSTECH completed the construction of the world's third fourth-generation accelerator (PAL-XFEL) and continues to contribute to the development of industrial technology and applied science in Korea.







- 01 Taken on August 17, 1985, this photo shows CEO Park Tae-joon and Dean Kim Ho-gil, shaking hands at the groundbreaking ceremony for the groundwork construction of POSTECH.
- 02 On July 19, 1985, citizens of Pohang held a ceremony celebrating the approval of the establishment of POSTECH.
- 03 Pohang Light Source (PLS), completed on December 7, 1994, was operated on a trial basis until September 1995, when it entered full-fledged operation. The PLS was a piece of advanced scientific equipment that was possessed by only a handful of countries at the time, including the United States, Taiwan, Italy, and some countries of the European Union.

On May 7, 1987, the Pohang Iron and Steel Company completed Phase 1 of the comprehensive construction of the Gwangyang Steelworks, which had an annual production capacity of 2.7 million tons of crude steel, in two years and two months, or six months earlier than originally planned. With this, the dream of a "steelworks on the sea" was finally realized, and the company established the "one company, two steelworks system," giving it a total annual production capacity of 11.8 million tons of crude steel. Under this system, the Pohang Steelworks operated a small-quantity, high-variety production system, while the Gwangyang Steelworks operated a large-quantity, low-variety production system. The completion of Phase 1 of the Gwangyang Steelworks made the Pohang Iron and Steel Company the world's fifth largest steelmaker and elevated Korea to the world's ninth largest steel producer. Having expanded its facilities to this degree, the company was capable of supporting the continuous growth of Korea's steel industry and other industries requiring steel, such as the automobile, shipbuilding, electronics, and machinery industries. On May 13, 1987, CEO Park Tae-joon of the Pohang Iron and Steel Company received the British Institute of Metals Bessemer Gold Medal, known as the "Nobel Prize of the steel industry," for his contribution to the development of the global steel industry.





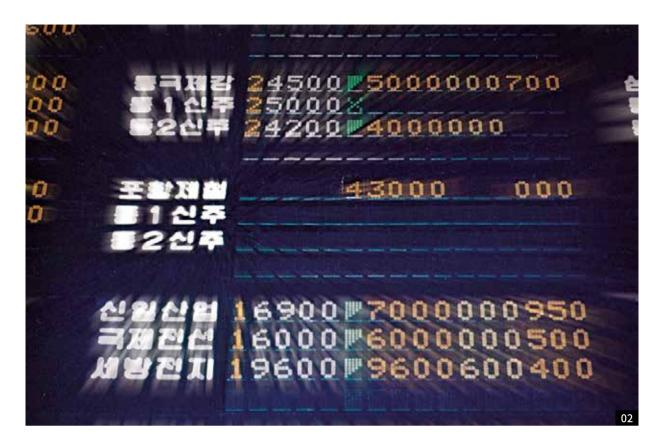


- **01** Phase 1 of the construction of the Gwangyang Steelworks, standing tall in the vast plain of Gwangyangman Bay.
- O2 On May 7, 1987, the Pohang Iron and Steel Company held a completion ceremony for Phase 1 of the construction of the Gwangyang Steelworks, which was attended by President Chun Doo-hwan and CEO Park Tae-joon.
- 03 On May 13, 1987, CEO Park Tae-joon received the Bessemer Gold Medal from President D. V. Atterton of the Institute of Metals at the institute's annual convention in London, UK.

10 Korea's First National Stock Company

On June 10, 1988, when the Pohang Iron and Steel Company released its shares to the public amid a high level of interest, the company was transformed from a public corporation into a corporation of the people. Of the issued shares, 27.3 percent were sold publicly. This was significant because the company successfully completed an IPO and issued stocks to the public by persuading the government to retract its policy of "off-board transactions," which was announced on March 1987, for the company's stocks based on the logic that there was a high risk that the company would end up being owned by a few Korean companies. In addition, the company also implemented an employee stock ownership plan as a means of repaying the employees for their hard work and encouraging a greater sense of ownership. In this way, the Pohang Iron and Steel Company ushered in the first era of national stocks in Korea and established the foundation upon which the company would grow into a global steelmaker.







- 01 In December 1987, the Korean government announced its national stock supply plan, which stated that the performance results of public corporations would be distributed among the middle- and low-income classes, and designated the Pohang Iron and Steel Company as the first company to make its shares public. This photo is of the newspaper that covered the story.
- 02 On June 10, 1988, the market value of the Pohang Iron and Steel Company's stocks reached KRW 43,000 per share.



- 03 Specimen stock certificate of the Pohang Iron and Steel Company.
- 04 On January 27, 1988, the Pohang Iron and Steel Company held the inaugural meeting for the Employee Stock Ownership Plan. A total of 9,178,914 shares, accounting for 10 percent of the total number of issued stocks, were allotted to the employees.

11 Becoming the Third Largest Steel Company in the World (Completion of Phase 2)

In the 1980s, as Korea's construction, shipbuilding, automobile, machinery, and electric and electronic industries were growing fast, it was of utmost importance to provide a stable supply of steel to support the growth and development of these industries. Toward this end, the Pohang Iron and Steel Company began the construction of a hot rolling mill on August 29, 1986, and started Phase 2 of the construction of the Gwangyang Steelworks on September 30 of the same year. However, a series of difficulties plagued the construction process. The construction was delayed by several natural disasters, including Super Typhoon Thelma, and the nationwide labor disputes that were spurred by the democratization process in 1987. However, the Pohang Iron and Steel Company overcame all the hardships it faced and completed Phase 2 of the Gwangyang Steelworks, which had an annual production capacity of 2.7 million tons of crude steel, on July 12, 1988, three months and 18 days earlier than planned. With this, the Pohang Iron and Steel Company secured a total annual production capacity of 14.5 million tons of crude steel, becoming the world's third largest steel company and further elevating Korea to the status of eighth largest steel producer in the world.





- **01** Just like Phase 1, Phase 2 of the construction of the Gwangyang Steelworks began with the construction of a hot rolling mill on September 30, 1986.
- 02 On July 12, 1988, President Roh Tae-woo attended the completion ceremony for Phase 2 of the construction of the Gwangyang Steelworks, where he fired up the Gwangyang No. 2 blast furnace.
- 03 At 11 a.m. on July 13, 22 hours after the initial firing, the Gwangyang No. 2 blast furnace successfully poured out molten iron.



| 12 | Achieved Steel Production Self-Sufficiency Rate of 90 Percent (Completion of Phase 3)

Phase 3 of the construction of the Gwangyang Steelworks began on November 1, 1988. At this time, with the rapid reorganization of Korea's industrial structure to focus more on the heavy and chemical industries, a steel shortage was anticipated. In response, the Pohang Iron and Steel Company decided to carry out Phase 3 of the Gwangyang Steelworks to increase the scale of its production system and diversify and add greater value to its products. The biggest problem was the labor dispute that had spread among Korean equipment and materials suppliers. At the time, four heavy industry companies—Korea Heavy Industrial Construction, Samsung Heavy Industries, Hyundai Heavy Industries, and Hanjin Heavy Industries and Construction—were responsible for supplying 80 percent of all equipment and materials in Korea, and the labor dispute, which lasted from 42 days to as long as three months, was a major issue that could prevent the Pohang Iron and Steel Company from meeting its construction deadlines. To make matters worse, a labor dispute occurred at the company's ready-mixed concrete supplier. So, the Pohang Iron and Steel Company established a total emergency system and used all means and methods necessary to finish the construction on time. As a result, Phase 3 was completed on December 4, 1990, one month and 27 days earlier than scheduled. This allowed the company to establish a system with an annual production capacity of 17.5 million tons of crude steel, enhancing Korea's steel production self-sufficiency rate from 82.1 percent to 90.2 percent. With the completion of the Gwangyang No. 1 cold rolling mill on January 19, 1989, and the Gwangyang No. 2 cold rolling mill on January 30, 1991, the company also secured the foundation for the production of high-grade steel.









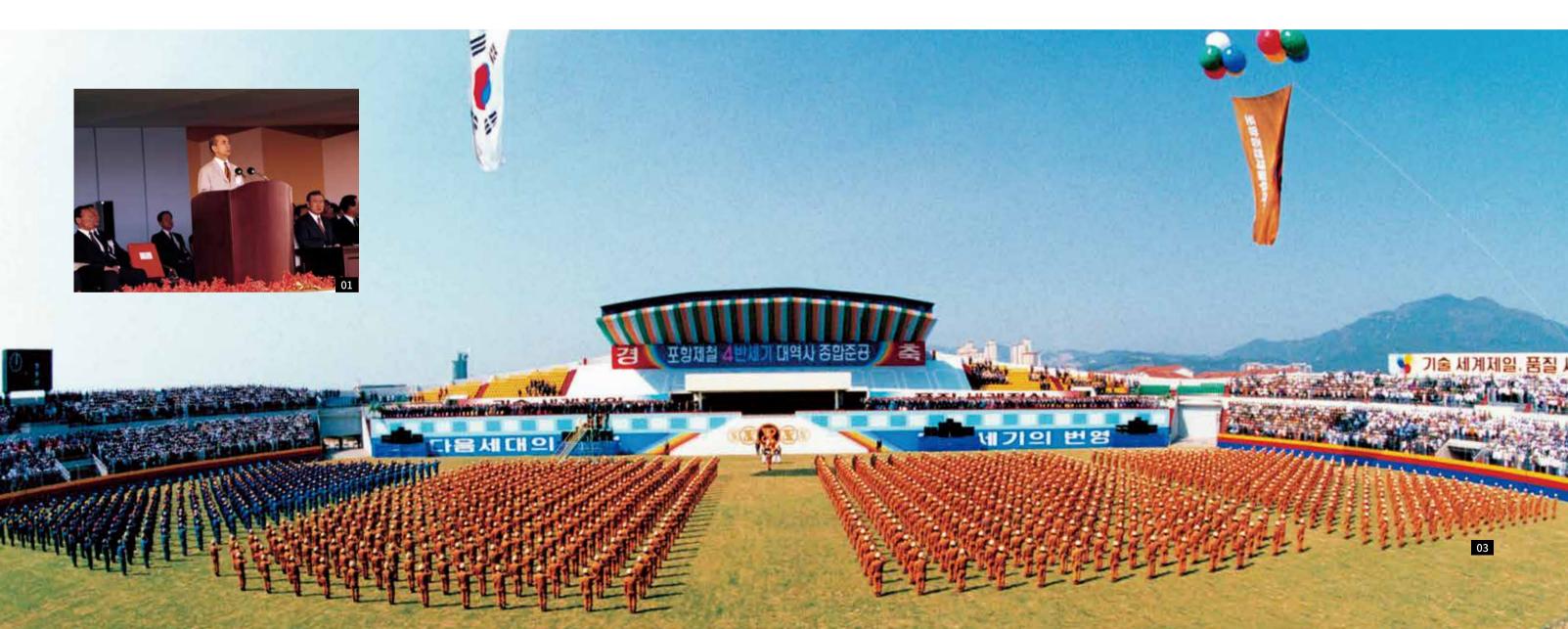
- 01 On December 4, 1990, the Pohang Iron and Steel Company fired up the Gwangyang No. 3 blast furnace and completed Phase 3 of the construction of the Gwangyang Steelworks.
- 02 Phase 3 of the construction of the Gwangyang Steelworks, which began on November 1, 1988, was completed approximately two months earlier than planned.
- O3 Coke facilities during Phase 3 of the construction of the Gwangyang Steelworks, where brickwork is in full swing.
- 04 The Gwangyang No. 1 cold rolling mill was completed on January 19, 1989.

| 13 | Completion of the Pohang Iron and Steel Company's over Quarter Century of Construction (Completion of Phase 4)

Finished on October 2, 1992, Phase 4 of the comprehensive construction of the Gwangyang Steelworks was completed in a remarkably short period of time, thanks to the experience and expertise that the Pohang Iron and Steel Company had accumulated over time. With this, the company closed the book on its incredible 25-year history of steelworks construction, which began with the company's foundation in 1968, and established a system with an annual production capacity of 21 million tons of crude steel, making it the world's third largest steelmaker. Through it, the Republic of Korea laid the groundwork for achieving rapid industrial growth, especially in the steel industry, which is a key industry that has the largest influence on all other industries, including the automobile, machinery, shipbuilding, construction, and electronics industries, and is a strong indication of the national strength of a country. Over the quarter century following its foundation, the Pohang Iron and Steel Company managed to achieve dominance in the global steel industry.



- 01 Taken on October 2, 1992, this photo shows CEO Park Tae-joon making a speech at the ceremony that was held to mark the end of the 25 years of the construction of the steelworks.
- 02 The Gwangyang Steelworks, which created a system with an annual production capacity of 11.4 million tons of crude steel.
- 03 Many guests from Korea and abroad as well as the executives and employees of the Pohang Iron and Steel Company attended the ceremony celebrating the end of the quarter century of construction.





Established 21-Million-Ton System



- **01** Reporting the Completion of a Quarter Century of Construction
- **02** Declaration of New Corporate Philosophy
- **03** Early Stabilization of the 21 Million-Ton System

The sudden resignation of CEO Park Tae-joon made clear the mission that was entrusted to Hwang Kyung-no, who took over as CEO of the company in October 1992, and the new management—that is, ensuring that the 21 Million Ton System, established over a quarter century of construction based on the principle of "Repaying the Country by Producing Iron and Steel"—took root.

This was a challenge for the Pohang Iron and Steel Company, which had so far dedicated itself entirely to accomplishing the goal of building an integrated steelworks. The task now before it required two things—a new corporate philosophy that would serve as a central point for all executives and employees, and communication among and the unity of all members of the company.

In September 1992, the Pohang Iron and Steel Company established a new corporate philosophy—comprised of the values "National Enterprise," "Respect for People," and "World-Oriented Vision"—and announced its new regulations, corporate image, and the kind of workers it was looking for. Based on its founding principle of "Repaying the Country by Producing Iron and Steel," the company had overcome all kinds of hardships, but the establishment of a system with an annual production capacity of 21 million tons of crude steel called for a new corporate principle suited to that system. Therefore, the company established and announced a new corporate philosophy that was developed based on the corporate culture research it had began conducting with Seoul National University since 1987.

To stabilize the 21 Million-Ton System in the absence of CEO Park Tae-joon and amid a severe economic recession, it was imperative to ensure seamless communication and solidarity among all employees and executives.

In November 1992, the Pohang Iron and Steel Company launched an employees' council at both the Pohang Steelworks and Gwangyang Steelworks and promoted the "1992 Solidarity Plan." Taking into consideration the opinions of its employees, the company also adopted a new shift system with four groups and three shifts. This was an expansion of the system that had been implemented on a trial basis at the Gwangyang Nos. 1, 2, and 3 blast furnaces in January 1992. In addition, the company pursued innovation in personnel and labor to motivate its employees. Although the Pohang Iron and Steel Company had set a new corporate philosophy and adopted a progressive system designed to stabilize the 21 Million-Ton System, the external business conditions were changing on a daily basis. To ensure the company's survival in the competitive global market, it was becoming necessary to keep in step with the changes demanded by the era. Therefore, the company revised the "POSCO 2000" plan, which had been established in 1991, announced its strategic projects up to 1996 and vision for 2000 in October 1992, and began implementing them.

Chapter 04 Established 21-Million-Ton System 115

01 Reporting the Completion of a Quarter Century of Construction

CEO Park Tae-joon of the Pohang Iron and Steel Company visited the grave of former President Park Chung-hee on October 3, 1992, the day after the company had completed its quarter century of construction. There, he paid his respects to President Park, who had given him his absolute trust. He said, "Sir, I report to you at your grave that, based on the first order I received from you 25 years ago, we have finally completed the construction necessary to secure the future of the Pohang Iron and Steel Company." On October 5, a couple days after his visit to Park Chung-hee's grave, Park Tae-joon submitted his letter of resignation to the board of directors. The executives and employees who had heard about his resignation pleaded with him to withdraw it, but Park did not waver. With Park Tae-joon determined to resign, the Pohang Iron and Steel Company designated Park as an honorary chairman and appointed Vice Chairman Hwang Kyung-no as the second CEO of the company on October 9.



- 01 On October 3, 1992, CEO Park Tae-joon visited the grave of President Park Chung-hee and reported the successful completion of the 25-year-long journey of steelworks construction.
- 02 A report stating the completion of the quarter century of construction.



02 Declaration of New Corporate Philosophy

On September 24, 1992, the Pohang Iron and Steel Company announced its new corporate philosophy—made up of the values of "National Enterprise," "Respect for People," and "World-Oriented Vision"—at the International Conference Room in its main office. It was the result of the management's efforts to systematize the company's corporate culture in 1987, judging that the founding principle of "Repaying the Country by Producing Iron and Steel" was not being properly conveyed to the generations that came after the construction of the steelworks was completed. The new corporate philosophy was an attempt to re-highlight the company's founding principle while establishing a new principle. "National Enterprise" evoked the Pohang Iron and Steel Company's calling to lead Korea's economy into the future as a national company, continuing the spirit of "Repaying the Country by Producing Iron and Steel," which served as the foundation of the company. "Respect for People" expressed the company's resolve to preserve and develop its tradition of humanism and strive to bring greater happiness to local residents, the Korean people, and all of humanity. Finally, "World-Oriented Vision" referred to the corporate strategy of aiming to become the world's best company in the 21st century. Based on these three values, the Pohang Iron and Steel Company's corporate philosophy system consisted of the enforcement principles of "company regulations" along with "corporate image" and "employee image," which expressed the ideal images of the company and its employees.



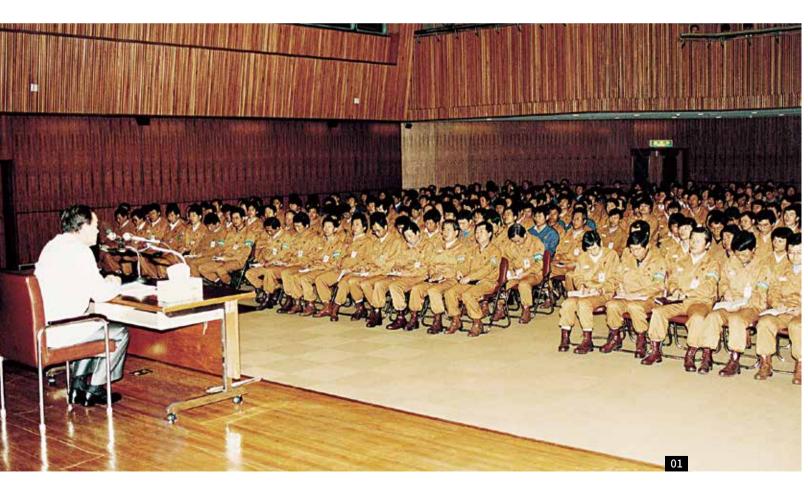
- 01 On September 24, 1992, the Pohang Iron and Steel Company announced a new corporate philosophy, consisting of its corporate philosophy, corporate regulations, corporate image, and employee image.
- 02 The billboard that announced the Pohang Iron and Steel Company's new corporate philosophy.

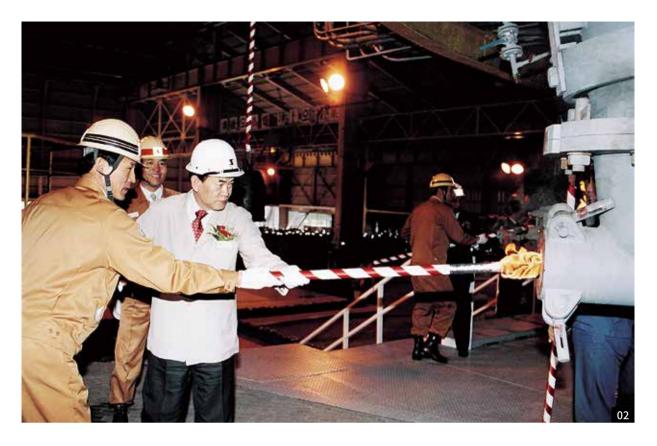


03 | Early Stabilization of the 21 Million-Ton System

After its 25-year history of construction had come to an end, the Pohang Iron and Steel Company continued making investments in its facilities to stabilize the 21 Million-Ton System. An all-weather wharf was built in both Gwangyang and Pohang in September and October of 1992, respectively, and the second construction project to improve the Pohang No. 1 blast furnace was completed on February 26, 1993, using only the company's own independently developed technology. On March 3, the Pohang Iron and Steel Company finished the construction of the pulverized coal injection (PCI) facilities at the Pohang No. 2 blast furnace, establishing the PCI system across all of its blast furnaces.

The company pursued innovation in personnel and labor as well as the restructuring of the organization. On November 16, 1992, the four-group, three-shift system was expanded companywide. On January 8, 1993, the Pohang Iron and Steel Company restructured the company's organizational structure and strengthened the strategy division in an effort to stabilize the 21 Million-Ton business management system. In addition, the company revised the responsibility and authority system, transferring part of the purchasing rights to the steelworks in order to establish an accountable steelworks production system. It then adopted an improved specialized profession system and a job posting and bidding system in February and June of 1993, respectively.







- 01 From May 11 to 12, 1992, Vice Chairman Hwang Kyung-no gave special lectures about promoting the solidary plan and emphasized the importance of solidarity among all employees.
- O2 On February 26, 1993, CEO Hwang Kyung-no fired up the Pohang No. 1 blast furnace to mark the third term of its operation. The second improvement of the Pohang No. 1 blast furnace was significant in that, through it, the Pohang Iron and Steel Company laid the foundation for the use of domestically developed technology for improving blast furnaces.



- 03 On November 16, 1992, the Pohang Iron and Steel Company launched its four-group three-shift system. This photo shows the resolution conference for the perfect implementation of the four-group, three-shift system at the Cold Rolled Division's No. 3 cold rolling mill, held on March 13, 1992.
- **04** The signboard-hanging ceremony for the employees' council at the Pohang Steelworks (December 23, 1992).





- **01** Creation of a New POSCO and the Proclamation of a Code of Ethics
- **02** Complex Export Strategies and Continued Investment in New Technologies
- **03** Investments in New Businesses

In March 1993, as the 21 Million-Ton System was stabilizing after the end of the Pohang Iron and Steel Company's 25-year history of construction, Chung Myung-sik took office as the company's third CEO. With its new management, the company announced the birth of a "New POSCO" and introduced three tasks: expulsion of irrationality, abolition of authoritarianism, and innovation of the business structure. A five-point action plan was instituted to carry out these tasks, with the five points being: realistic pursuit and focus on action, taking the initiative and self-management, trust and participation, creativity and respect for rationality, and emphasis on harmony and balance. The birth of a "New POSCO" stressed the establishment of a management system and company culture suited to the growing size of the company.

In 1993, the Pohang Iron and Steel Company froze employees' wages at the level of the previous year and overcame the difficult business conditions of the time, including the prolonged recession of the domestic and overseas steel markets. In July 1993, it became the first Korean company to institute a Code of Ethics, proclaiming the new image of the Pohang Iron and Steel Company to the world.

The "New POSCO" pursued a corporate culture characterized by efficiency and autonomy. Therefore, during the organizational restructuring in September 1993, the Pohang Iron and Steel Company gave more authority and responsibility to lower level employees and made work hours flexible in October. Moreover, the management philosophy, which emphasized efficiency, was not limited to the company but was extended to points of contact with customers. Particularly in the sales division, the company deployed "Sales Engineers" in all sales departments to meet the needs of customers rather than remaining focused on a supply-side sales policy. The company also expanded the Mill Representative (MR) program, which was first implemented in July 1990 for 10 customer companies that purchased cold rolled products, to all customers in 1993. Under the motto "Diversified Products for Diverse Countries," the Pohang Iron and Steel Company diversified its export plans by product and market and applied complex export strategies to foster the nearby markets of Japan, Southeast Asia, and China and comply with the government's export promotion and economic stimulation policy.

Regarding facilities investment, the Pohang Iron and Steel Company actively made use of new technologies. In November 1993, the company began the construction of a Corex plant, which uses a new technology for producing molten iron by allowing the acceptance of tungsten and bituminous coal as inputs without preliminary processing. In January 1994, the construction of a pilot plant using a new technology called "strip casting," which allows the production of two- to six-millimeter-thick hot rolled coils without the need to make slabs with molten iron. Next, in May 1994, the company established Shinsegi Telecom in an effort to enter the telecommunications industry as part of the "POSCO 2000" vision, which was confirmed in August 1991. Around this time, the Pohang Iron and Steel Company also achieved its first results from the horizontal diversification of its businesses, renewed the management system to shift the focus to its clients, and continued making various attempts to reorganize the corporate culture and other internal company systems.

Chapter 05 1985 121

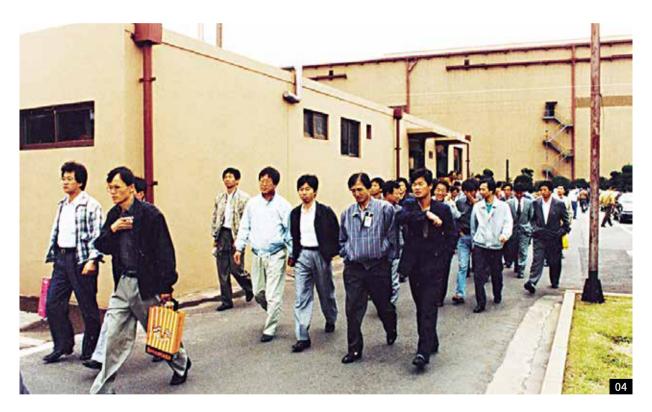
01 Creation of a New POSCO and the Proclamation of a Code of Ethics

The year 1993 marked the 25th anniversary of the company's founding. It was also the year that the Pohang Iron and Steel Company established the 21 Million-Ton System and entered a time of generational change, as many of the employees who had been with the company since its founding began retiring, making way for a new generation of workers. On April 1, the company announced the "Birth of a New POSCO" and introduced its three tasks of expulsion of irrationality, abolition of authoritarianism, and innovation of the business structure as well as an accompanying five-point action plan, comprised of: realistic pursuit and focus on action, taking the initiative and self-management, trust and participation, creativity and respect for rationality, and emphasis on harmony and balance. Moreover, 10 practices were established to realize the three tasks and the five-point action plan. On July 21 of the same year, the Pohang Iron and Steel Company became the first company in Korea to announce a Code of Ethics. In this way, the company solidified its ethical foundation to grow and develop into a lasting corporation in the ever-intensifying era of global competition.









- 01 In celebration of the 25th anniversary of the company's founding, the Pohang Iron and Steel Company declared the birth of a "New POSCO."
- 02 On July 8, 1993, the Pohang Iron and Steel Company held an event promoting solidarity for the "New POSCO" and pledged to pursue the tasks it introduced.
- 03 On July 21, 1993, the Pohang Iron and Steel Company became the first Korean company to declare a Code of Ethics.
- 04 On October 1, 1993, the Pohang Iron and Steel Company liberalized the commuting dress code, abolishing the yellow uniform that employees had been required to wear when commuting to and from work for 25 years since the founding of the company. It also standardized the blue work uniform.

122 POSCO's 50 Years of History Photo Book

Chapter 05 Promotion of a "New POSCO" Management 123



- 01 In the late 1980s, steel companies promoted the development of a new steel processing method that could replace blast furnace processing. One major method was the smelting reduction process. On November 1, 1993, the Pohang Iron and Steel Company began the construction of a Corex plant with an annual production capacity of 600,000 tons that used the smelting reduction process.
- 02 VINAPIPE, a corporation jointly created with Vietnam on May 11, 1993.



03 Investments in New Businesses

The Pohang Iron and Steel Company also started diversifying its business horizontally to secure future growth engines. On February 28, 1994, the Korean government selected the Pohang Iron and Steel Company as the country's leading second mobile communication provider and established Shinsegi Telecom in the form of a consortium on May 2, expanding its businesses into the telecommunications sector despite its limitations as a public company.



The Pohang Iron and Steel Company decided to participate in the second mobile communication project. Even though it was constrained as a public company, it joined the second mobile communication project on February 28, 1994. This photo shows the employees of Shinsegi Telecom cheering when the company was selected to lead the mobile communication industry.

124 POSCO's 50 Years of History Photo Book Chapter 05 Promotion of a "New POSCO" Management 125



Globalization and Diversification of Management



- **01** Establishment of a Business Management Committee and Introduction of the External Board Director System
- **02** Reorganization of the Fundamental Business-Centered Corporate Structure
- 03 Establishment of a Global R&D Network
- **04** Listing on the New York Stock Exchange
- **05** Corporate Culture of Unity
- **06** Acceleration of Foreign Investment: The Pohang Iron and Steel Company
- **07** Introduction of New Technology and Continuous Facilities Expansion
- **08** Completion of the POSCO Center
- 09 Becoming Chair Company of the IISI

In the mid-1990s, globalization was rapidly progressing in all sectors—politics, economy, society, and culture—as the wave of neoliberalism swept across the global economy. The establishment of the World Trade Organization (WTO) in 1995 was a symbolic event, signifying the emergence of a new era to replace the General Agreement on Tariffs and Trade (GATT) system, which had been the foundation of world trade since World War II. In Korea, a civilian government was inaugurated in 1993, and Korean society began to shed the framework of its former authoritarian system in line with the progress of regulation reform and liberalization.

In keeping with the times, in March 1994, the Pohang Iron and Steel Company welcomed its first outside president—Kim Man-je, former deputy prime minister and minister of the Economic Planning Board. In order to establish an advanced business management system in response to globalization, the Pohang Iron and Steel Company adopted the business group system and the team system of responsible management for the heads of groups and teams to allow prompt decision-making and efficient personnel management. In addition, the company established the business management committee, introduced the external board director system, implemented measures for the protection of shareholders' rights, and continued to increase its level of management transparency as a global company.

In April 1994, the Pohang Iron and Steel Company announced the "Green Management Philosophy" as its new business management policy. Green symbolized the harmony between yellow, the company's traditional color, and blue, a color that represents change and innovation. It also represented the company's response to the era of globalization through a harmony between the past and future, tradition and innovation, profits and social contribution, and hope for continued growth through democratic management based on communication and consensus. In July of the same year, the company established "POSCO Vision 2005" as the goal of the Green Management Philosophy.

For the next 10 years, POSCO Vision 2005 clearly outlined the basic direction and goals that the management of the company and its subsidiaries was required to pursue as well as the status it would secure after successfully achieving those goals. Business management innovation progressed in two directions. First, the company reorganized its entire business structure by designating steel, engineering & construction, and information & communication as its three fundamental industries. Second, it pledged to establish a new business management system suitable for its new business structure. By selecting these three fundamental industries, the company hoped to foster future key industries, especially information & communication and engineering & construction (E&C), based on the achievements of the steel industry and organically link the three industries in order to overcome the limitations of the growth of the steel industry and strive to maintain continuous growth.

The fostering of these three fundamental industries was an effort to utilize the accumulated capacity of the steel business while fostering strategic businesses to strengthen the steel industry and support its competitiveness. Following this change, the company restructured all its subsidiaries that had low investment efficiency or little connection to the three fundamental industries by merging or selling them. On May 1994, Shinsegi Telecom was launched as an initiative in the information and communication industry, and POSCO Development (now POSCO Engineering and Construction) was established in December 1994 to lead the E&C industry.

Chapter 06 Globalization and Diversification of Management 127

In two phases, the sales division restructured its operations, thus reducing its direct transactions, fostering dealerships, and vitalizing the function of the general trading company. In the first phase of the restructuring, conducted in 1994, the Gyeongan Company was relaunched as POSTEEL and put in charge of domestic sales, while the Geoyang Trading Company was reestablished as POSTRADE and given responsibility for exports. Moreover, the over 560 direct transaction companies were reduced to 44. In the second phase, carried out in 1996, POSTELL and POSTRADE were combined and reestablished as a sales company in charge of both domestic sales and exports. In particular, based on the results of the business process reengineering (BPR) that was conducted in April 1995, the number of direct transaction companies was further reduced to 21. As a result, the Pohang Iron and Steel Company distanced itself from its producer-centered sales strategies and shifted its sales paradigm based on a multifaceted perspective to focus on customer service, delivery, and logistics. In terms of its facilities, the company strived to establish a world-class foundation for production in order to keep pace with customer demand. In July 1994, the Pohang Iron and Steel Company established a mid- to long-term master plan for facilities investment that prioritized the production of steel products for domestic use and focused on introducing new steel-related technologies, such as smelting reduction facilities, thin slab casting, and strip casting. After the establishment of the master plan, the company completed the construction of the Gwangyang 3CGL (continuous galvanizing line) in May 1996 and the No. 2 stainless steel plant, which had an annual production capacity of 420,000 tons, in August of the same year, thus establishing a production system with an annual production capacity of 840,000 tons of crude stainless steel, becoming the single-unit steelworks with the largest crude stainless steel production capacity in the world.

In addition, the Pohang Iron and Steel Company decided to establish a blast furnace with an annual production capacity of three million tons and a mini mill with a production capacity of two million tons. In October 1996, the company held the completion ceremony for the construction of the Gwangyang No. 1 mini mill and groundbreaking ceremony for the Gwangyang No. 5 blast furnace. In November of the same year, the Corex plant, which had an annual production capacity of 600,000 tons, reached normal production capacity. In August 1997, the company completed the construction of the Gwangyang No. 4 cold rolling mill, which was built to produce specialized, high value-added steel for automobiles and home appliances. In September of the same year, it completed the Pohang No. 3 thick plate plant. In this way, the company continued to expand its facilities.

In the era of globalization, the Pohang Iron and Steel Company began accelerating the globalization of its management. It secured the capital it needed for continuous growth through global financing from overseas, and in October 1994 it became the first Korean company to successfully list USD 300 million worth of American Depositary Receipts (ADRs) on the New York Stock Exchange (NYSE). When the company listed the ADRs, there were 160 foreign companies listed on the NYSE, among which the only steel company was the UK's British Steel. The fact that the Pohang Iron and Steel Company met all the conditions to be listed on the NYSE meant that the company's corporate structure and business management conditions were in compliance with international standards and that it had been recognized as a blue chip company with the credit rating and competitiveness expected of a global firm. The company's listing on the NYSE generated momentum for other Korean companies, such as the Korea Electric Power Corporation (KEPCO), Samsung Electronics, LG, and SK, to be listed

on the foreign stock exchange and accelerated the Korean capital market's entrance into the global market. In October 1995, the company listed USD 300 million worth of depositary receipts (DRs) on the NYSE and the London Stock Exchange (LSE), thus increasing the total amount of the company's international stocks to USD 600 million, including the USD 300 million that was listed on the NYSE in 1994. The company also accelerated its advancement into and investment in foreign markets. Starting in 1994, the company pioneered local markets in China, Vietnam, Indonesia, Brazil, and Venezuela and established joint venture corporations and production facilities. In 1995, the company established Hong Kong POSINVEST, a finance corporation, to establish a foundation upon which it could support its foreign investment projects.

The Pohang Iron and Steel Company also reorganized the industry-academic-research institute research and development system. In July 1994, the company separated the on-site research function of the Research Institute of Industrial Science and Technology (RIST)'s steel industry and established Technical Research Laboratories. The POSCO Research Institute (POSRI) and POSCO Development Technical Research Laboratories were established to diversify research and development, and the foundation for the company's overseas research activities was expanded through the establishment of the Tokyo Research Lab in 1994 and the Europe Research Lab in 1995. The second reform of the research and development system, implemented in August 1996, strengthened the synergy between the technology research centers and the RIST through the division of roles.

In a rapidly changing business environment characterized by the emergence of globalization and neoliberalism, the Pohang Iron and Steel Company focused on establishing a foundation for its management as a sustainable global company and set and pursued goals and action plans in accordance with global standards. However, the business environment was difficult. In 1997, the Asian financial crisis struck East Asia, making it hard to predict what would happen in the future. At the end of the year, Korea also faced the prospect of national bankruptcy, forcing the country to request a relief loan from the International Monetary Fund (IMF). This was a crisis that the Pohang Iron and Steel Company had to overcome while striving to pioneer a new era.

Global Status of the Pohang Iron and Steel Company



01 Establishment of a Business Management Committee and Introduction of the External Board Director System

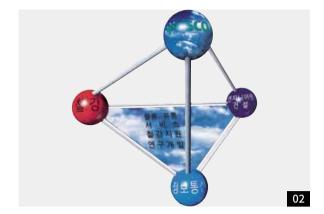
At the founding ceremony, held on April 1, 1994, the Pohang Iron and Steel Company announced the "Green Management Philosophy" as its highest goal and policy. It was a new management philosophy and principle that laid the groundwork for realizing sustainable growth by changing the company's previous growth-focused corporate structure. As an action plan, the company established "Vision 2005" and pursued the reform of its business management system to promote the vision. On December 13, 1994, the company formed a business management committee that consisted of nine members, including the CEO, president, vice president, and heads of the steelworks, and was responsible for holding discussions for decision-making purposes. With this change, the company's basic course of action and major policies, which used to be decided by the CEO and president, were now decided through discussion and agreement of the committee members. The adoption of the external board director system on March 14, 1997, increased management transparency and strengthened the responsible management system through the appointment of professional executives. The company appointed 10 external board directors, which was one more than the nine internal board directors, to increase the effectiveness of the system.

- **01** On December 13, 1994, the Pohang Iron and Steel Company improved its decision-making system by establishing the business management committee and personnel committee as its highest decision-making bodies. This photo is of the inaugural meeting of the business management committee, held on January 5, 1995.
- 02 On March 14, 1997, the company introduced the external board director system. Taken on March 14, 1997, this photo is of the board of directors' meeting, which was attended by external board directors.



After establishing "Vision 2005" on July 18, 1994, the Pohang Iron and Steel Company set out to restructure its business, designating steel, engineering & construction (E&C), and information & communication as its three fundamental industries. The purpose of this strategy was to foster future key industries, such as the information & communication and E&C industries, based on the achievements made in the steel industry, and, through organic connections among the three industries, overcome the limitations on the expansion of the steel industry and achieve sustainable growth. Therefore, the company invested in these three industries and officially launched POSCO Development (currently POSCO E&C) on December 1, 1994. Based on the plant engineering technology, expertise, and experienced labor it had accumulated through the construction of the integrated steelworks, the company integrated its engineering headquarters, construction headquarters, Geoyang Development (a construction-and engineering-related subsidiary), and POSCO Engineering (PEC). In the information & communication industry, which was one of the three fundamental industries, Shinsegi Telecom was officially launched on May 2, 1994, and POSDATA (established in November 1989, currently POSCO ICT) took the lead in the IT service industry. Afterward, on January 3, 2000, Shinsegi Telecom liquidated its holdings through an exchange of stocks with SK Telecom.









- **01** On December 1, 1994, the Pohang Iron and Steel Company officially launched POSCO Development, specializing in steel E&C. This photo shows the signboard-hanging ceremony that was held on November 16, 1994.
- 02 In 1994, the Pohang Iron and Steel Company established a business diversification system (photo) that supported logistics and distribution, service, steel support, and research and development in the steel, information and communication, engineering, and construction sectors.
- 03 On February 11, 1995, the Pohang Iron and Steel Company sold Geoyang Shipping to Hanjin Heavy Industries through a public tender.
- 04 On November 29, 1996, POSCO Machinery & Engineering and POSCO Machinery, which were responsible for repairs at the Pohang Steelworks and Gwangyang Steelworks, were integrated to create POSCO Machinery & Engineering. On March 24, 1999, the company was split into POSCO Machinery & Engineering and POSCO Machinery.

03 Establishment of a Global R&D Network

The Pohang Iron and Steel Company expanded and developed the affiliated technology research center that it had established in 1977, created the Research Institute of Industrial Science and Technology (RIST) in 1987 as an independent firm, and established an industry-academia-research institution cooperation system. Next, to secure creative and differentiated technologies, the company proceeded with the first phase of the reform of its R&D system in 1994. Following the establishment of POSRI on June 1 of the same year, the on-site research function was separated from the RIST and turned into a new technology research center on July 1, and the POSCO Development Technology Research Institute was founded on December 1. The Pohang Iron and Steel Company expanded its research and development activities overseas as well. The company established the Tokyo Research Lab in Tokyo, Japan, on October 28, 1994, and the Europe Research Lab in Dusseldorf, Germany, on October 30, 1995. With the establishment of these institutes, a global R&D network spanning Pohang, Gwangyang, Seoul, Tokyo, and Dusseldorf was created.







- 01 On July 1, 1994, the Pohang Iron and Steel Company opened new Technical Research Laboratories. The center was created by separating the on-site research function from the RIST's steel division.
- 02 The management and economy research center of RIST was separated from RIST and established as the POSCO Research Institute on June 1, 1994.



- 03 The Pohang Iron and Steel Company expanded its research and development activities to overseas countries, opening the Tokyo Research Lab on October 28, 1994.
- O4 The construction of the main building of the Technical Research Laboratories began at the former site of a small headquarters building within the Pohang Steelworks. The construction of the building was completed on September 30, 1997.

04 Listing on the New York Stock Exchange

To achieve the goals of establishing a system with an annual production capacity of 28 million tons of crude steel and becoming the largest steel company in the world by the year 2000, the Pohang Iron and Steel Company continued to expand its facilities, and the most important factor involved in this expansion was stable financing. Therefore, in 1994, the company decided to procure the necessary capital through foreign stock markets and sought to have its stocks listed on the NYSE as a first step. Since the transparency of the company's accounting had been internationally acknowledged in the process of its issuance of Yankee bonds and Samurai bonds, the demand for the company's ADRs was remarkably high. At 8 a.m. on October 14, 1994 (9 p.m. in Korean time), the Pohang Iron and Steel Company became the first Korean company to be listed on the NYSE. Moreover, on October 27, 1995, the company concurrently listed its DRs, worth USD 300 million, on the two largest global financial markets, the NYSE and LSE. In combination with the USD 300 million in stocks listed on the NYSE in 1994, the total value of the company's stocks listed on foreign stock markets increased to USD 600 million. Through the successful listing of its stocks on foreign stock markets, the Pohang Iron and Steel Company succeeded in procuring a sizable amount of funding and became recognized as a global company with an excellent international credit rating and strong competitiveness.









- 01 In this photo, CEO Kim Man-je is signing his name at the signing ceremony for listing the company on the NYSE on October 14, 1994. With this, the Pohang Iron and Steel Company became the first Korean company to be listed on the NYSE.
- 02 The NYSE hung the Taegeukgi (Korean national flag) in commemoration of the company's listing on the NYSE.
- 03 A newspaper advertisement commemorating the Pohang Iron and Steel Company's achievement of becoming the first Korean company to be listed on the NYSE (October 1994).
- 04 On October 27, 1995, a year after the company was listed on the NYSE, the Pohang Iron and Steel Company was listed on the London Stock Market.

05 | Corporate Culture of Unity

Having focused on the formation of a labor-management union in the early years after its founding, the Pohang Iron and Steel Company formed a joint labor-corporate management council in January 1981 to stabilize labor-management relations. After 1987, when the democratization movement took hold of Korean society, labor-management relations underwent significant change, leading to the formation of a labor union in June 1988. However, in the 1990s, concerns began to grow regarding labor-management relations, and, when the company's profit base deteriorated, a consensus formed on labor-management cooperation. In November 1992, the company's employees formed the first employees' councils at the two steelworks. These employees' councils were eventually merged and expanded to create a company-wide employees' council in April 1993. The employees' council changed its name to the labor-management council in November 1997, and the council is still active today as an employee representative body. Meanwhile, the expansion of individualism in the country deteriorated the spirit of labormanagement cooperation and had a negative impact on the organizational climate. To overcome this, starting in 1991, the Pohang Iron and Steel Company carried out activities to vitalize the organization, including small unit-level organization vitalization activities, "One Family Meetings," workplace meetings, and employee policy consultation meetings. Moreover, in June 1994, the company launched the first issue of POSCO Newspaper, continuing to uphold the spirit of the first corporate magazine Molten Iron in an effort to share business management information and create the atmosphere of unity among employees.





- O1 The Pohang Iron and Steel Company worked consistently to establish platforms for labor-management communication. Held on June 1, 1995, the One Mind Festival was one of those platforms for communication.
- 02 June 1988 The labor union held a signboard-hanging ceremony on October 15 and began its activities.
- 03 November 20 1997 The Labor-Management Council held a signboard-hanging ceremony at the Pohang headquarters.
- 04 On June 15, 1994, the first issue of POSCO Newspaper, the first weekly corporate newspaper in Korea, was published.





Having survived the two oil crises in the 1970s and endured trade regulations in developed countries in the 1980s, the Pohang Iron and Steel Company decided to advance into the overseas market by further increasing its overseas production starting in the 1990s. First, in Vietnam, the company established the galvanized steel sheet manufacturer POSVINA through collaboration with the Southern Steel Union in April 1992 and then the white and black steel pipe manufacturer VINAPIPE in collaboration with Vietnam's VSC and Korea's SeAH Steel in May 1993. In January 1994, the company established the bar steel and wire rod manufacturer VPS in collaboration with VSC and began operating it in September 1995. In China, the company established Dalian POSCO-CFM Coated Steel Co. Ltd., a galvanized steel sheet manufacturer, in November 1995 and began producing galvanized steel sheets in September 1997. In April 1997, Shunde POSCO Coated Steel Co. Ltd. was established, and started producing galvanized steel sheets in September 1998. In this way, the Pohang Iron and Steel Company actively pursued overseas expansion centered on Southeast Asia and China in the 1990s.







- O1 In the early 1990s, the Pohang Iron and Steel Company actively set out to invest in Vietnam with the goal of gaining a strong foothold in the market. In cooperation with the Vietnamese government, it established POSVINA in April 1992, VINAPIPE in May 1993, and VPS in January 1994. This photo shows the completion ceremony for VPS, held on September 15, 1995.
- 02 In an effort to advance into the Southeast and Southwest Asian markets, the Pohang Iron and Steel Company held a strategy meeting on how to secure sales bases in the region on March 20, 1996.
- 03 With an emphasis on entering the Chinese market, the Pohang Iron and Steel Company established the POSCO Tianjin Steel Processing Center, Dalian POSCO-CFM Coated Steel Co. Ltd., and Shunde POSCO Coated Steel Co. Ltd., in that order. This photo is of Shunde POSCO Coated Steel Co. Ltd., which entered operation in September 1997.

07 Introduction of New Technology and Continuous Facilities Expansion

In response to the boom in the automobile and shipbuilding industries, which are major industries with high steel demand, in the 1990s, the Pohang Iron and Steel Company finalized its mid-to long-term master plan for facilities investment on July 19, 1994, and decided to establish a system with an annual production capacity of 28.4 million tons of crude steel by 1999. On November 28, 1995, the Corex plant, with an annual production capacity of 600,000 tons, which was the largest production capacity for a commercial facility at the time, was built at the Pohang Steelworks. On August 30, 1996, the construction of the No. 2 stainless steel mill, with an annual production capacity of 420,000 tons, was completed. With the construction of these facilities, the Pohang Iron and Steel Company established the world's largest stainless steel production system for a single-unit steelworks, with an annual production capacity of 840,000 tons. On September 11, 1997, the Pohang No. 3 thick plate plant was completed and began producing thin annealed steel sheets. On May 30, 1996, the Gwangyang 3CGL plant, which had an annual production capacity of 300,000 tons, was completed at the Gwangyang Steelworks, which allowed for the manufacturing of a variety of products, from home appliances to color-coated products centering on thin and narrow steel sheets. On October 15, 1996, the construction of the Gwangyang No. 5 blast furnace, with an annual production capacity of three million tons, began, while the Gwangyang No. 1 mini mill, which had an annual production capacity of 1.8 million tons, was completed. On August 28, 1997, the Gwangyang No. 4 cold rolling mill, which had an annual production capacity of 1.8 million tons, was completed.









- O1 Construction of the Gwangyang No. 5 blast furnace began in October 1996 and was completed in March 1999. Taken on October 15, 1996, this photo is of the groundbreaking ceremony for the construction of the blast furnace, which was attended by President Kim Young-sam.
- 02 On November 1, 1993, the Pohang Iron and Steel Company began the construction of a Corex plant with an annual production capacity of 600,000 tons. The construction of the plant was completed on November 28, 1995.
- 03 On October 15, 1996, the Gwangyang No. 1 mini mill, with an annual production capacity of 1.8 million tons, was completed.
- 04 The Pohang Iron and Steel Company began the construction of the Pohang No. 3 thick plate plant in December 1995 and completed it on September 11, 1997. The company built this plant to secure the capability to respond to the rapid increase in the demand for thick plates.

| 09 | Becoming Chair Company of the IISI

08 | Completion of the POSCO Center

a new level.

On August 31, 1995, the Pohang Iron and Steel Company completed the construction of the

POSCO Center, with a total floor area of 180,826 square meters, consisting of 30 stories in the East

Hall, 20 stories in the West Hall, and six basement levels. The center was opened on September 1.

Completed in three years and six months after construction began, on January 7, 1992, the POSCO

Center embodied the Pohang Iron and Steel Company's ambition to become a global company.

As the first intelligent building in Korea, equipped with the latest information and communication

technologies, it attracted a great deal of attention. In 1995, the building received the Grand Prize at the Korean Architecture Awards and was praised for raising Korea's architectural capabilities to

포스코센터 개관

a reception in the Atrium on the first floor of the POSCO Center to celebrate the center's opening. The event was attended by important figures in political and economic circles as well as

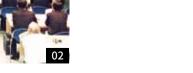
POSCO executives and employees.

In October 1988, the Pohang Iron and Steel Company successfully hosted the 22nd International Iron and Steel Institute (IISI) Conference in Seoul, impressing the world as a leader of the global steel industry. Later, at the 30th IISI General Assembly held in Helsinki, Finland, on September 30, 1996, the IISI appointed CEO Kim Man-je of the Pohang Iron and Steel Company as the 20th chairman of the institute. Through these achievements, Korea was able to raise its status in the global steel industry.





- 01 In this photo, CEO Kim Man-je is making a keynote speech at the 31st IISI general meeting in Vienna, held on October 7, 1997.
- O2 From May 25 to 27, 1997, the Pohang Iron and Steel Company hosted the first inaugural International Stainless Steel Forum (ISSF) at the POSCO Center.





Management Innovation and Privatization



- **01** Pursuit of Jeongdo Management, Transparent Management, and Responsible Management
- **02** Process Innovation
- 03 A Music Concert at the POSCO Center
- **04** Operation of the Gwangyang No. 5 Blast Furnace
- **05** Strategic Alliance with Nippon Steel Corporation
- **06** Establishment of the POSCO Museum
- 07 Launch of the Privatized POSCO
- **08** Enhanced Global Competitiveness
- **09** Targeting the Automotive Steel Market

In 1998, at the peak of the Asian Financial Crisis, Korea's economy struggled with decreased capital investment, caused by the high interest rates and contractionary fiscal policy, and reduced consumer confidence. And the steel industry was not immune to these circumstances. Amid the global economic recession that emerged in the aftermath of the Asian Financial Crisis, the imbalance between the supply and demand of steel intensified around the world. In particular, domestic industries with demand for steel, such as the automobile, construction, and home appliance industries, were in a total recession, as the annual production of crude steel fell to 39.89 million tons, a 6.2 percent decrease compared to the previous year. It was a time when uncertainty concerning the future was high.

In March 1998, Yoo Sang-boo took office as CEO of the Pohang Iron and Steel Company. For the first time in four years, the company selected a CEO from among its own personnel, but the new executives faced obstacles on all fronts. The most important issue was whether the company, which had recently increased its production capacity, would be able to overcome the long-term recession amid the uncertain prospects of the global economy.

As its new management philosophy, the company proposed "Jeongdo (right way), transparent, and responsible management." By abandoning its outdated thinking and practices and pursuing a new kind of management suitable for the new environment, the company expressed its determination to continue growing and prospering as a leading company in the 21st century. "Jeongdo management" referred to adherence to basic principles, global standards, promises, and rules, while "transparent management" called for transparency in all processes and prompt management in response to market changes as a means of protecting shareholder value. "Responsible management" referred to a management direction that aims to enhance the corporate value of customers in order to maximize the profits of both shareholders and customers. Based on this philosophy, the Pohang Iron and Steel Company accelerated the innovation and advancement of the system.

In December 1998, the Pohang Iron and Steel Company implemented a large-scale reorganization of the company, encompassing its decision-making systems, organizational structure, and related personnel management system. This reorganization emphasized and clarified the responsibilities of those in authority, abolished the business-focused headquarters system, and adopted a responsible executive system, thus firmly establishing a responsible management system. In March 1999, the company adopted a global professional management (GPM) system that divided possession and management of the company, granting all authority to the executive management, while the board of directors established management strategies and assessed and monitored all management activities.

After reorganizing with a focus on strong leadership rather than autonomy, the Pohang Iron and Steel Company immediately started improving the system. The core aim was to respond quickly to customers' needs by focusing on the customers' perspectives, moving away from producer-centered thinking, and striving to improve performance. With the establishment of the Process Innovation (PI) Office in December 1998, the company began promoting PI in earnest and adopted company-wide enterprise resource planning (ERP) as an important means of innovation. In July 2001, the company began operating POSPIA, a new PI system. POSPIA achieved greater results than expected across the company's processes, systems, and organizational culture. Not stopping there, the company

Chapter 07 Management Innovation and Privatization 147

launched the second PI system in November 2001 and promoted management innovation activities based on the Six Sigma process.

The greatest achievement of the PI system, including POSPIA, was that it led to company-wide optimization by integrating all tasks from strategy development to implementation using a package with built-in global standards. The company also established an e-business system to ensure the transparency of all work processes and data. In this way, the Pohang Iron and Steel Company was transformed from an internal efficiency-centered structure to a customer-oriented, process-oriented, and company-wide optimized organization. The company increased quality and confidence across the board by reorganizing all processes involved in management, finance, marketing, materials, and human resources and labor.

Based on its business management system and infrastructure, the Pohang Iron and Steel Company pursued its management strategy with the aim of strengthening its corporate structure rather than simply focusing on appearance. It also changed its "maximum production, maximum sales" policy, which it had maintained over the 30 years since its founding, to an "optimal production, maximum profit" policy. Concerning its investment division, the company established an organization dedicated to the rationalization of investment projects in April 1998 and drafted methods for improving its investment project process in November of the same year. Ultimately, the company reviewed its plans for investing in both Korea and abroad and restructured wasted or poorly performing assets. As the company revised its investment strategies, it also proceeded with the restructuring of its sales division. In June 1998, the company acquired the sales rights to POSTEEL's flagship products and unified its trading channels with 178 companies in an effort to create a sales system that connected production and sales and gain the capability to directly address the various demands of its client companies.

The company's aim to rationalize the efficiency, choice, and concentration of all its business was also applied to its equipment-producing businesses without exception. Rather than expanding its facilities unconditionally, the company pursued rationalization by repairing outdated facilities and limited its expansion to only those facilities producing high-value-added products. In April 2000, the Pohang Iron and Steel Company began operating the Gwangyang No. 5 blast furnace, and in January 2001, it started building the FINEX demo plant, which featured advanced and innovative iron-making processes.

To concentrate its capacity in the steel business, the Pohang Iron and Steel Company made "select and focus" its basic policy for subsidiaries and selectively fostered sectors with proven growth potential and competitiveness. In the steel sector, the company acquired all the shares of Pohang Galvanized Steel Sheets from Dongkuk Steel in July 1998, integrated it with Pohang Steel Materials, and founded the Pohang Coated Steel Company, a subsidiary specializing in special steel, in March 1999. In the engineering & construction sector, POSCO Development reorganized its businesses to focus on steel engineering in July 1998. While struggling with capital impairment, the Pohang Iron and Steel Company liquidated the holdings of Shinsegi Telecom, which was part of the company's new mobile communication business, in January 2000, through an exchange of shares with SK Telecom.

Outside Korea, the Pohang Iron and Steel Company established the foundation upon which it would

become a global company by pursuing privatization. The privatization of the company accelerated after the Strategy and Planning Committee revealed its plans for privatizing 11 public corporations in July 1998. In December of the same year, the company sold all its government shares (3.14 percent of its total shares) and part of its shares in Korea Development Bank (23.57 percent of its total shares) and began privatizing the company, which took three years. Finally, in October 2000, the company purchased shares in Korea Development Bank with treasury stock, successfully completing its privatization. Immediately after privatization, the Pohang Iron and Steel Company changed its name to POSCO in March 2002, representing the desire to open a new chapter in its history as a global enterprise. The privatization of the Pohang Iron and Steel Company was a process through which the company sought to uphold its responsibility to produce steel for the nation and its people and advance onto the world stage as a global company.

When the company changed from a public corporation to a private enterprise, it also changed its focus from production to customers, established a new advanced management system through PI, and established a basis for practical innovation in the future. With these changes, expectations grew that POSCO, as a private enterprise, would become a top global company.



(unit: %)



148 POSCO's 50 Years of History Photo Book Chapter 07 Management Innovation and Privatization 149

01 Pursuit of Jeongdo Management, Transparent Management, and Responsible Management

In 1997, the Pohang Iron and Steel Company launched an emergency management system designed to overcome its management difficulties following the Asian Financial Crisis. Proposing "Jeongdo (right way) Management, Transparent Management, and Responsible Management" as its new management philosophy, the company promoted its growth as a top-tier global company in the 21st century. On March 16, 1999, it adopted a global professional management (GPM) system, which separated the ownership and management of the company. In April, the board of directors was reorganized, with a focus on external directors. External directors were required to engage in practical activities, such as policymaking, instead of playing the passive and limited role of simply reviewing and monitoring management activities. On February 11, 2000, the Pohang Iron and Steel Company hosted a CEO forum, where the CEO directly engaged in discussions on the current conditions of the company and introduced the new management strategies. In these ways, the company established various systematic measures for maximizing shareholder value. In 2000, amid the difficult management environment, it also introduced an interim dividend system in response to the support and trust of the shareholders.







- 01 At the 31st shareholders' meeting, held on March 16, 1999, the attendees decided to strengthen the responsibility of the professional management and enhance the board of directors' supervision of management as well.
- 02 On January 30, 2002, the Pohang Iron and Steel Company held the CEO Investor Forum in New York, where CEO Yoo Sang-boo explained the company's management performance and plans to its major institutional investors in the United States.
- 03 On November 6, 2002, POSCO held an information session where the CEO and executives explained the new management policy to employees and held a Q&A session at the company's main office in Pohang.

150 POSCO's 50 Years of History Photo Book

Chapter 07 Management Innovation and Privatization 151

02 Process Innovation

On December 4, 1998, the Pohang Iron and Steel Company decided to promote Process Innovation (PI) as a means of establishing an efficient and transparent customer-oriented management system that met global standards and would prepare the company for the new millennium. It also introduced the company-wide ERP as an important measure. On December 31, the PI Office was established and staffed with 30 employees from each sector. A master plan was established over the next nine months and confirmed on October 19, 1999, with the actual system establishment work beginning in January 2000. In September, an integrated, companywide system that applied the ERP and supply-chain planning (SCP) package was created. After testing, the system reform was completed on July 2, 2001, and the new PI system was opened to all users. The new system was named "POSPIA," a portmanteau of "POSCO" and "utopia," signifying the system's goal of pioneering a new utopia for the company. With these changes, the Pohang Iron and Steel Company achieved company-wide optimization that integrated all tasks, from strategy development to implementation. This helped shorten the product development period and increase standardization, which greatly boosted customer satisfaction. In addition, the company established a system capable of flexibly and promptly responding to changes in the management environment across all divisions, including finance, purchasing, human resources, and labor. With the Pohang Iron and Steel Company's successful implementation of the world's largest PI system, many companies both in Korea and overseas benchmarked its PI system as a role model. On November 15, 2001, the company launched its second PI system and introduced Six Sigma, maintaining its course toward the establishment of a customer-centered corporate culture and internalization of innovation.









- 01 On January 12, 1999, the Pohang Iron and Steel Company held a launch ceremony for its PI system.
- 02 On July 2, 2001, a ceremony for the first operation of the new PI system was held, attended by CEO Yoo Sang-boo. Based on input from employees, the new PI system was named "POSPIA."
- 03 The Wind Surfing Club at the Gwangyang Steelworks, expressing their desire for the success of the PI system.
- O4 POSCO: Never-ending Evolution (POSCO's digital management innovation) and Digital POSCO (Global enterprise POSCO's PI Project), published to commemorate the launch of the PI system.

152 POSCO's 50 Years of History Photo Book

Chapter 07 Management Innovation and Privatization 153

03 A Music Concert at the POSCO Center

Starting with the Millennium New Year's Eve Concert held on December 31, 1999, the Pohang Iron and Steel Company became the only company in Korea to host a regular company music concert at the POSCO Center in Seoul. By this time, the company had already opened the Hyoja Art Hall in Pohang in February 1980 and the Baekun Art Hall in Gwangyang in July 1992, providing the residents of Pohang and Gwangyang with opportunities to enjoy various forms of cultural entertainment, such as plays, movies, and music. At these venues, the company held concerts of diverse music genres, including Western classical music, traditional Korean music, K-pop, pop, and jazz, and invited musicians, such as Jo Su-Mi, Hwang Byungki, Patti Kim, Insooni, Yoon Do Hyun, and the Vienna Boys' Choir, to perform. The concerts were open to the public free of charge, and they allowed the Pohang Iron and Steel Company to broaden its horizons in terms of culture and the arts. After being suspended for three years in 2014 due to the company's contractionary fiscal policy, the regular concert held at the POSCO Center was resumed in September 2017.



- 01 This is a photo of the Millennium New Year's Eve Concert that was held at the POSCO Center on December 31, 1999. After holding this free concert for citizens, the Pohang Iron and Steel Company held a concert every month at the POSCO Center.
- 02 On April 27, 2002, the "Tchaikovsky Festival" concert was held at the Atrium of the POSCO Center.



04 Operation of the Gwangyang No. 5 Blast Furnace

Due to the economic recession that followed the Asian Financial Crisis in 1997, the demand for steel decreased. When it became necessary to reduce its steel production, the Pohang Iron and Steel Company transitioned from its quantitative production system to a qualitative one that focused on "optimal production, maximum profit." To this end, the company refrained from expanding its facilities and focused on rationalization instead, repairing and improving outdated facilities and expanding only those facilities that produced high-value-added products, where necessary. After the suspension of the No. 2 mini mill, on April 18, 2000, the Pohang Iron and Steel Company began operating the Gwangyang No. 5 blast furnace, whose operation had been postponed since its completion in March 1999, in response to the increased prices of scrap iron and cold pig iron. With the launch of the operation of the Gwangyang No. 5 blast furnace, the Gwangyang Steelworks was operating five blast furnaces, which effectively extended the lifetimes of the other blast furnaces. On January 30, 2001, the construction of the FINEX demo plant began at the Pohang Steelworks, bringing the Pohang Iron and Steel Company one step closer to commercializing FINEX, an innovative, next-generation steelmaking process. The FINEX demo plant, which had an annual production capacity of 600,000 tons, was completed on May 29, 2003.

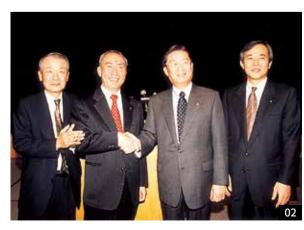


- **01** The Pohang Iron and Steel Company fired up the Gwangyang No. 5 blast furnace on April 18, 2000.
- 02 After 10 years of research, beginning in 1992, the Pohang Iron and Steel Company determined that it was possible to commercialize FINEX technology. To confirm this, the company began building a FINEX demo plant with an annual production capacity of 600,000 tons on January 30, 2001. Construction of the demo plant was completed on May 29, 2003.

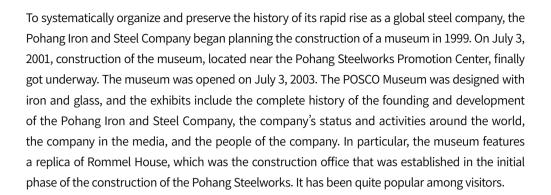


Prior to its privatization, the Pohang Iron and Steel Company agreed to strengthen its cooperation with Nippon Steel Corporation (NSC) in November 1998 in an effort to respond to the Western steel industry, which had been reinforcing its competitiveness through integration and expansion. The Pohang Iron and Steel Company and NSC agreed to strengthen their friendly relations in terms of technical cooperation, equipment supply, operation, construction, and engineering by purchasing and holding 0.1 percent of each other's shares. On August 2, 2000, the two companies further strengthened their relationship by entering into a strategic alliance through which they increased the shareholding limit to three percent, which was the shareholding limit of the Pohang Iron and Steel Company. In December 1999, the Pohang Iron and Steel Company entered into a strategic alliance with SK Group to transfer 51.19 percent of its Shinsegi Telecom Shares and acquire 6.5 percent of SK Telecom's shares.





- **01** On August 2, 2000, the Pohang Iron and Steel Company agreed to create a strategic cooperation system with NSC.
- 02 Taken at the press conference that was held before the strategic alliance ceremony between the Pohang Iron and Steel Company and SK Group on December 21, 1999, this photo shows CEO Yoo Sang-boo of the Pohang Iron and Steel Company and Chairman Son Kil-seung of SK Group shaking hands.









- **01** Taken at the groundbreaking ceremony for the POSCO Museum on July 3, 2001, this photo shows CEO Yoo Sang-boo making a handprint.
- 02 The POSCO Museum opened on July 3, 2003, two years after construction began.
- 03 The POSCO Museum houses over 400 items, including the torch used to fire up Korea's first blast furnace, the replica of Rommel House, the company's first uniforms, various historical records, and fragments of concrete from the Pohang No. 3 blast furnace, which was demolished due to a construction defect.

158 POSCO's 50 Years of History Photo Book

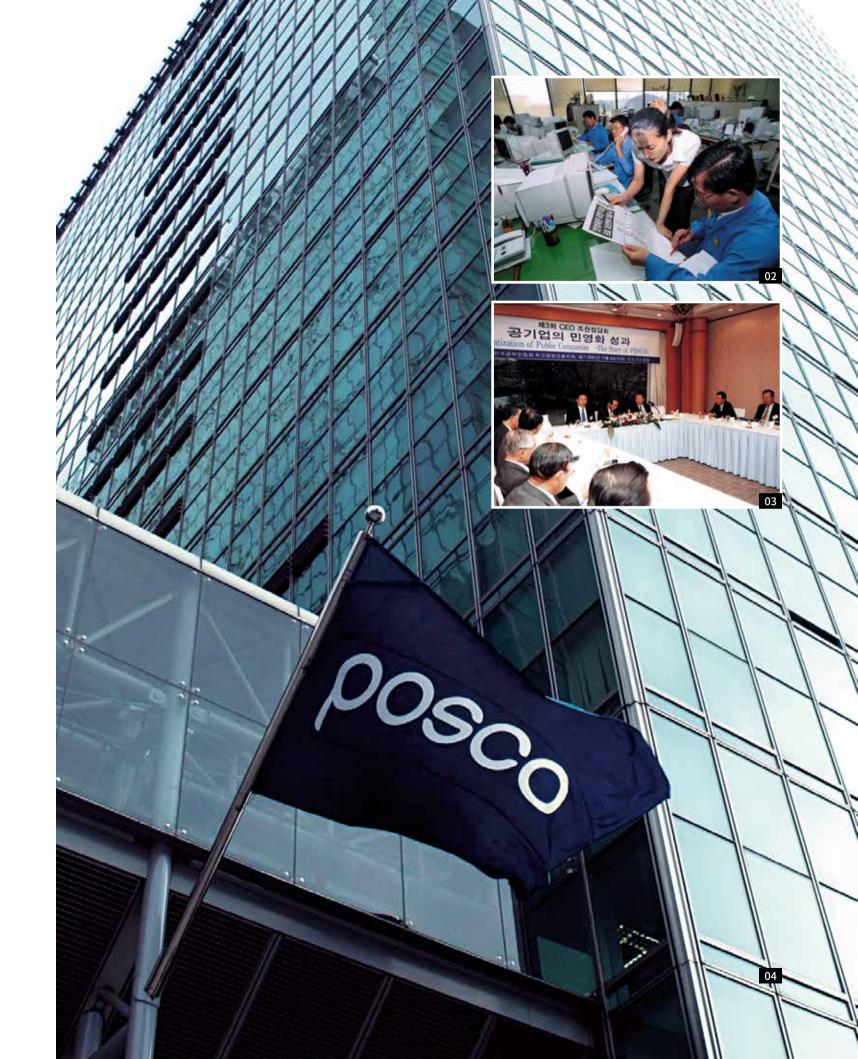
Chapter 07 Management Innovation and Privatization 159

07 Launch of the Privatized POSCO

On July 3, 1998, the Korean government announced its plans to privatize 11 public corporations, including the Pohang Iron and Steel Company, which had already begun preparing for full privatization. The promotion of privatization began in earnest on December 14, 1998, with the disposal of the 3.14 percent of shares held by the government and 2.73 percent of the 23.57 percent of shares held by the Korea Development Bank through depository receipts. The sale of shares held by the Korea Development Bank was promoted, and on September 29, 2000, 4.6 percent of the Korea Development Bank's shares were sold through depository receipts. Next, on October 4, the Pohang Iron and Steel Company purchased the rest of the Korea Development Bank's stocks (2.24 percent) as treasury shares. With this, the Korean government completed the privatization of the Pohang Iron and Steel Company over the course of three years. From this point, the Pohang Iron and Steel Company had a new start as a private company, creating an opportunity for it to grow into a global enterprise through customer- and shareholder-centered management. On March 15, 2002, the Pohang Iron and Steel Company changed its name to POSCO and declared its commitment to becoming a global enterprise.

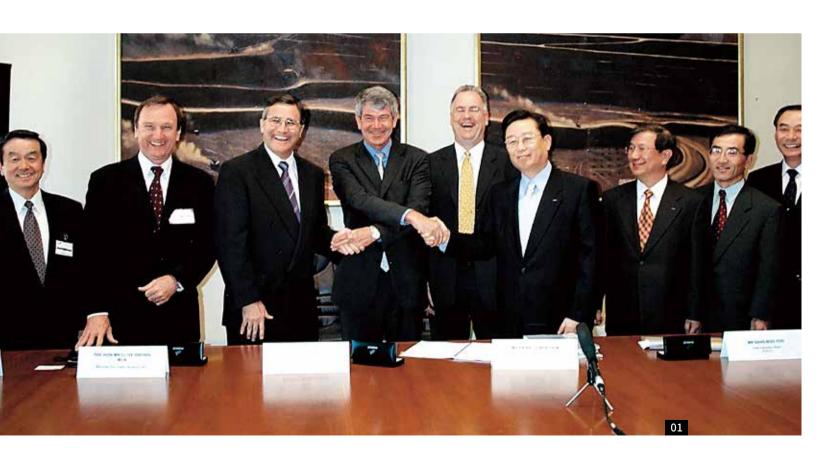


- 01 Taken on February 7, 2001, in the Art Hall of the POSCO Center, this is a photo of CEO Yoo Sang-boo answering questions from reporters at the first regular CEO press conference since the privatization of the company began.
- 02 This photo, taken on July 4, 1998, shows company employees reading the extra edition of the POSCO Newspaper on the privatization of the company.
- 03 At the third CEO Breakfast Meeting held on November 8, 2001, CEO Yoo Sang-boo discussed the success of the privatization of the Pohang Iron and Steel Company.
- **04** After privatization, the Pohang Iron and Steel Company was renamed "POSCO" and declared its commitment to becoming a global company.



08 Enhanced Global Competitiveness

The Pohang Iron and Steel Company expanded its investments in the Chinese market to improve its global competitiveness. After establishing the Zhangjiagang Pohang Steel Sheet in November 1996, it created the Zhangjiagang Pohang Stainless Steel in February 1997 to secure a foothold in the Chinese stainless steel market. The company also continued its efforts to tackle the Southeast Asian and South American markets. In March 1997, the Pohang Iron and Steel Company pursued joint projects with Indonesia's Krakatau Steel to establish a mini mill and stainless cold rolled sheet plant, and in November 1998, the company completed the construction of a pellet plant in Vitoria, Brazil, in collaboration with Brazil's CVRD, to secure the raw materials it needed for its production activities. In April 2002, the company signed an agreement with BHP Billiton to jointly develop the POSMAC mine in western Australia, making its first investment in the development of an iron mine. On January 10, 2003, POSCO signed a collaboration agreement with Japans' Mitsui & Co. regarding the CTS project, and on January 23, the company established the POSCO Terminal to foster the Gwangyang CTS's development into a logistics hub in East Asia, owing in large part to the ideal conditions offered by the port. In addition, the company began restructuring its foreign investment projects in an effort to overcome the management crisis that had been caused by the unstable financial market in Southeast Asia and the global economic recession. The mini mill and stainless cold rolled sheet plant projects in Indonesia were suspended in June 1999, and POSVEN, which had been jointly established in Venezuela in 1997, was liquidated in November 2002.







- 01 On April 3, 2002, POSCO signed an agreement with BHP Billiton to develop the POSMAC mine in western Australia.
- O2 To strengthen its competitiveness in the Vietnamese market, into which the company had advanced in the early 1990s, POSCO agreed to engage in technological cooperation with a state-owned Vietnamese steel company on August 30, 2002.



- 03 On October 9, 2002, POSCO signed a joint venture contract for stainless cold rolled steel with Qingdao Iron & Steel and strengthened its stainless steel projects in the Shandong and Huahai ragions
- 04 On January 10, 2003, POSCO signed a joint CTS project contract with Mitsui & Co., and established the POSCO Terminal on January 23.

162 POSCO's 50 Years of History Photo Book

Chapter 07 Management Innovation and Privatization 163

09 Targeting the Automotive Steel Market

In 2002, POSCO selected automotive steel as one of its strategic product and decided to transform the Gwangyang Steelworks into the world's top steelworks dedicated to the production of automotive steel. To this end, the company built the Automotive Steel Application Center at the Gwangyang Steelworks on January 21, 2003. The center is dedicated to the development of technology for processing automotive steel for use in automobiles. Made up of a building for research and a building for experimentation, the Automotive Steel Application Center focused on not only developing automotive steel but also selecting optimal steel for its client companies' lines of automobiles and providing them with steel processing technology. In April 2003, POSCO completed the construction of a TWB (tailor welded blank) plant, with an annual production capacity of 1.7 million sheets, in order to produce TWBs, in response to the growing demand for TWBs among major car manufacturers.







- **01** On June 14, 2002, the groundbreaking ceremony for the TWB plant was held at the Gwangyang Steelworks.
- 02 Here, President Lee Ku-taek and other executives are taking a look around the Automotive Steel Application Center after the completion ceremony on January 21, 2003.
- 03 With the completion of the Automotive Steel Application Center, POSCO became capable of actively establishing a new technology support system with its automotive manufacturing clients from the initial stage of steel material development.

164 POSCO's 50 Years of History Photo Book

Chapter 07 Management Innovation and Privatization 165



Strengthening the Foundation for Overseas Management



- 01 Ethics: POSCO's First and Foremost Value
- **02** Strengthening Global Production and Networks
- **03** Internalization of Innovation
- **04** Advancement of Corporate Governance
- **05** Promoting to be an Automotive Steel Sheet Steelworks
- **06** Establishment of Unique Technology System
- **07** Together with POSCO
- **08** Discovery of New Projects

POSCO welcomed the 2000s with new expectations and fresh determination. Having completed a quarter century of construction and established a framework for an advanced management system based on privatization and PI, POSCO was faced with the new challenge of establishing itself as a global enterprise. Under these circumstances, CEO Lee Ku-taek took office on March 14, 2003.

With the new management goal of becoming a "Reliable 21st Century Global Enterprise," POSCO established five management policies: transparent corporate management through "Jeongdo (right way) management", pursuit of continuous growth, innovation to secure competitive advantage, talent-focused management, and establishment of relationships of trust with stakeholders. In May 2004, POSCO chose "sustainable management" as both its global management philosophy and the foundation for its corporate culture, aiming to transform itself into a global company.

After its privatization, POSCO began accelerating the advancement of its corporate governance as a means of evolving into a national company. In March 2004, the company established institutional strategies designed to achieve this goal, involving increasing the proportion of external board directors, introducing cumulative voting and voting in writing, and creating an internal trading committee. It also confirmed the POSCO Corporate Governance Charter, which systematically organized the company's ideology and principles and boosted workers' will to implement them. In February 2006, POSCO separated the positions of chief executive officer (CEO and chairman) and chairman of the board of directors and introduced a nomination committee system for selecting CEO candidates, taking another step toward its goal of improving corporate governance. Through this process, POSCO became recognized as the company with the best corporate governance in Korea.

Prior to this, in November 2003, POSCO had begun promoting its mid-term management strategy (2004-2008), the keywords of which were "growth" and "innovation," hoping to expand its global influence. This strategy was a roadmap designed to ensure POSCO's leadership in the global steel market in the 21st century by increasing its competitiveness and securing new growth drivers through innovation. Toward this end, the company pursued 12 strategic tasks under three strategic directions: strengthening its competitiveness in the steel industry, securing growth engines by pioneering overseas markets and discovering new industries, and fostering leaders and sustaining management innovation. To strengthen its competitiveness in the steel industry, POSCO pursued a strategy through which it focused on fostering high-value-added products. Automotive steel, API steel, 400-series stainless steel, and premium electrical steel sheets were selected as its four strategic products, upon which the entire company focused all its manufacturing capacity. In 2004, the number of strategic products doubled to eight, expanding to include premium high-carbon steel, premium TMCP (thermo-mechanical control process) steel for ships, premium tire cord steel, and chromium-free surface-treated steel. These strategic products were expanded to include high-quality stainless steel, premium wire rods, and high-performance hot- and cold-rolled products. However, the company still maintained its policy of focusing on the manufacture of strategic high-value-added products.

To strengthen its competitiveness in the steel industry, POSCO fostered organic connections among marketing, technology development, and production. Its facility expansion, rationalization, and domestic and overseas investments were focused on automotive steel and other cold-rolled steel

Chapter 08 Strengthening the Foundation for Overseas Management 167

and stainless steel products. As for marketing, POSCO continued developing domestic demand while also establishing SCM (supply chain management) bases overseas, with the goal of creating a global sales infrastructure for automotive steel and strategic products across China, Southeast Asia, Japan, India, Mexico, and Eastern Europe. Meanwhile, its research and development division reinforced its EVI (early vendor involvement) activities and developed new products and technologies to support customer-oriented marketing, and its production division secured the technology necessary to produce high-quality steel and promoted the early stabilization of its new facilities. POSCO made such efforts across all areas of its business.

The company expanded its facility investment as well. With the repair and improvement of the Gwangyang No. 3 blast furnace in November 2007, POSCO established a 31-Million-Ton System, consisting of the Pohang Steelworks, with an annual crude steel production capacity of 13.7 million tons, and the Gwangyang Steelworks, with an annual crude steel production capacity of 17.4 million tons. The company's efforts to increase the crude steel production capacity was particularly meaningful as it was POSCO's response to the changes in market conditions, such as the enhancement of industries with high demand for steel in Korea and overseas, in line with its strategy to establish a mass-production system for strategic products. By doing so, POSCO became a leading automotive steel supplier and the third-largest manufacturer of stainless steel products in the world. It also accelerated the entrance of premium API steel into the mainstream North American market and, thanks to its continuous technological development activities, began mass-producing the world's largest extra-wide electrical steel sheets.

To maximize performance, POSCO tried various management methods. In 2003, the company introduced the sector system, which offers the advantages of the business division system while also allowing the company to maintain its function-based structure by connecting sales, technological development, research, and production to promote customer-oriented development and rational facility investment. When the sector system started showing results, POSCO established an independent stainless steel business headquarters in 2004 and expanded the sector system throughout all carbon steel-related departments in 2005. In 2006, the company reorganized its "one company, two steelworks" structure to create five divisions (planning and finance, management support, marketing, production technology, and stainless steel) and changed the system in such a way that division heads would manage their divisions responsibly. In 2008, the company changed the basic units within each division from small "teams" to larger teams, or "groups," and integrated or disbanded any teams that had similar functions in different divisions, thus streamlining its organization and personnel.

To discover new growth engines, POSCO boosted its commercialization of unique and innovative technologies. After extensive research, the company completed the first FINEX facility in the world and began operating it in May 2007. By successfully developing the FINEX process, a new steelmaking process that other advanced steel companies had failed to realize, POSCO opened a new chapter in the history of steel technology. Moreover, the company boosted the commercialization of the strip casting process, an innovative steel production technology. After completing a demo plant in June 2006, POSCO achieved normal operational capacity in September 2007, taking another step toward the commercialization of the technology. The company also advanced the technology for

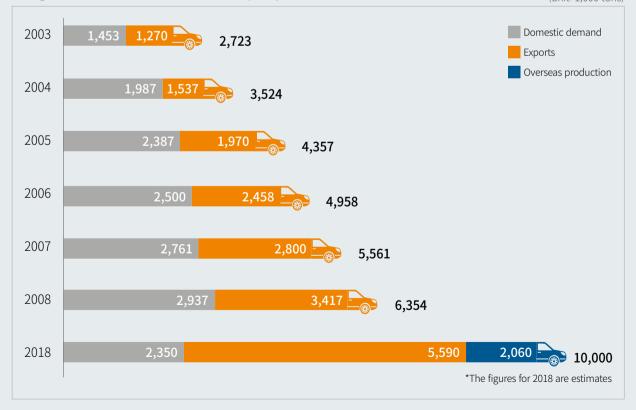
manufacturing ultrafine-grained steel, one of its strategic foundational technologies.

POSCO also sought new growth engines in overseas investment businesses and new and unique technology-based businesses. To dominate the Chinese market, which was consuming a quarter of all steel produced in the world at the time, the company founded a Chinese headquarters in March 2003 and launched POSCO-China in November of the same year to establish a local management system. POSCO promoted the construction of an integrated steelworks in Odisha, India, in 2005, and expanded its global sales and production base through the completion of a cold rolling mill in Vietnam in 2009. In addition, it made investments to secure a stable supply of raw materials, while also investing in energy and materials, overseas resource development, and eco-friendly fuels.

In March 2007, POSCO announced its new vision of "Creating Another Success Story Beyond Here, Beyond Now" and established five core values that all its executives and employees were required to adopt and follow: centered on customers, pursuit of challenges, focus on action, respect for people, and adherence to ethics. This was an effort made to establish POSCO's unique work method and corporate culture, suitable for a world-class company, as its vision for the "Global POSCO Way," thus preserving the company's founding spirit of "Repaying the Country by Producing Iron and Steel" and leading the company to greater success in the future. In April 2008, marking the 40th anniversary of the founding of the company, POSCO announced "Vision 2018" as its mid- to long-term plan and pledged to realize a "New POSCO" based on the balance of growth, profits, stability, and sustainability.

Changes in Automotive Steel Production Capacity

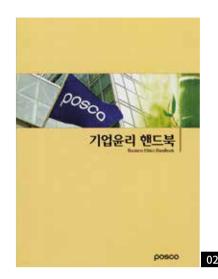
(unit: 1,000 tons)



01 Ethics: POSCO's First and Foremost Value

On June 2, 2003, POSCO announced its Code of Ethics. This act declared ethics as the foremost value of the company's corporate activities once again, following its implementation of Korea's first Code of Ethics Korea in July 1993. It represented POSCO's decision to conduct business in a more transparent and fair manner. The company also established and presented its principles and criteria for ethical value judgments for stakeholders, including customers, clients, shareholders, investors, executives, employees, and the country and society in general, and created specific action criteria as well. In addition, the company established various infrastructures for ethical practices, enshrining ethical management as the company's corporate culture. POSCO formed the Ethics Counseling Center in July 2003 and Korea's first corporate gift return center in August of the same year, as part of its push to discourage the giving of gifts between stakeholders during the holidays. Starting in 2004, the company included special mandatory provisions concerning ethical practices in its contracts with business partners and hosted ethics briefings for stakeholders in an effort to expand the scope of its ethical management practices.









- **01** On June 2, 2003, POSCO announced its Code of Ethics and committed itself to conducting business in a transparent and fair manner, making ethics its top priority.
- 02 On July 1, 2003, POSCO published the Corporate Ethics Handbook.
- 03 The company operated a gift return center during the Chuseok holidays, from August 25 to September 17, 2003, actively practicing ethical management.
- 04 After announcing its commitment to ethical management, POSCO held ethics briefings for stakeholders and actively expanded the scope of its ethical management activities.

02 | Strengthening Global Production and Networks

POSCO further expanded its global business, centering on the Chinese market, which accounted for a quarter of global steel consumption. On November 7, 2003, the company founded POSCO-China and established a local management system. In June 2004, POSCO China Liaoning Cold-Rolled Plate was established in cooperation with a Chinese company. In November 2006, POSCO became the first foreign company in China to build an integrated stainless steel production facility, for Zhangjiagang Pohang Stainless Steel, and in February 2007, it established Zhongyue POSCO Tinplate Industrial, in cooperation with a Chinese company. The company also accelerated its establishment of processing centers, thereby strengthening its customer service and logistics competitiveness. In October 2004, POSCO integrated its Tokyo office and the PIO to launch POSCO-Japan, which became POSCO's regional headquarters in Japan. The company also continued investing in developing countries, including India and Vietnam. In 2005, POSCO began promoting the construction of an integrated steelworks in India, launching POSCO-India in August of the same year. In 2006, the company established POSCO-Vietnam, as part of its plan to build a network in the Asian region connecting India and China and strengthen its competitiveness in the Southeast Asian market, and began building a cold rolling mill in August 2007.





- 01 On November 7, 2003, POSCO launched POSCO-China, which would take the lead in marketing and attracting investments from Chinese investment firms.
- 02 On October 15, 2004, the Tokyo office and the local sales corporation PIO were merged to form POSCO-Japan.
- 03 On November 22, 2006, a ceremony was held to mark the completion of the construction of an integrated production facility for Zhangjiagang Pohang Stainless Steel. This photo is of an invitation meeting for raw material suppliers that was held the day before the completion ceremony.
- 04 On August 1, 2007, POSCO began building a cold rolling mill for POSCO-Vietnam. This mill went on to become a pivotal part of POSCO's effort to dominate the Vietnamese and Southeast Asian markets.

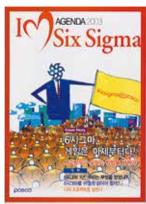


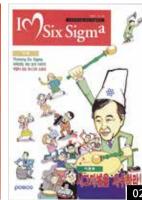


| 03 | Internalization of Innovation

POSCO implemented the Six Sigma practices in stages: the introduction stage, consisting of the first and second waves, from May 2002 to April 2003; the proliferation stage, consisting of the third through fifth waves, from June 2003 to June 2004; and the internalization stage, beginning in 2005. Through Six Sigma, which is based on an elaborate methodology and scientific processes, POSCO managed to internalize innovation. While many companies both in Korea and abroad adopted Six Sigma for their manufacturing sectors, followed by those in the non-manufacturing and R&D sectors, POSCO promoted Six Sigma across all it sectors simultaneously and established an innovation program that enhanced the "quality of management" rather than the "quality of products." In particular, from September 2005, during the seventh wave, POSCO conducted a trial run of the POSCO Six Sigma Model (PSSM), which involved using the traditional Six Sigma to resolve major issues and the Quick Six Sigma (QSS) for smaller issues. At the launch ceremony for Phase 3 of the company's "First Move in Innovation," which was held on August 11, 2006, POSCO resolved to successfully implement the PSSM and accelerate management innovation.







- 01 On August 29, 2005, CEO Lee Ku-taek invited 22 participants of the PSSM pilot project to attend a briefing and share their opinions.
- **02** POSCO published the communication booklet I Love Six Sigma to vitalize the implementation of Six Sigma.
- 03 At the second Six Sigma Festival, held on October 24, 2003, 70 participants were designated as POSCO's first "Black Belts."



04 Advancement of Corporate Governance

At the 36th General Shareholders' Meeting, held on March 12, 2004, POSCO confirmed the improvements it was making to corporate governance, including increasing the proportion of external directors, introducing cumulative voting and voting-in-writing systems, and establishing an internal trading committee. Through this, the proportion of external directors on the board of directors was increased to 60 percent, thus strengthening the board's independence and shareholders' rights. To increase management transparency, the company also established an internal trading committee, consisting only of external directors. At the board meeting that was held on the same day, POSCO confirmed its Corporate Governance Charter, which systematically summarized the related ideology and principles of corporate governance. The Corporate Governance Charter provided for the autonomous, responsible management by professional management personnel, thorough checks and balances on the management of a professional and independent board of directors, and the responsibility for shareholders and stakeholders. At the 38th General Shareholders' Meeting, held on February 24, 2006, the amendment to the Articles of Incorporation, which separated the chairman of the board from the CEO, who represented the management, was confirmed, further improving the company's corporate governance.

- 01 At the 36th General Shareholders' Meeting, held on March 12, 2004, POSCO confirmed the improvements it was making to corporate governance, including increasing the proportion of external directors, introducing cumulative voting and voting-in-writing systems, and establishing an internal trading committee.
- 02 At the meeting that was held on March 12, 2004, the board of directors implemented the Corporate Governance Charter and increased the proportion of external directors on the board. As a result, the ratio of standing directors to external directors changed from 7:8 to 6:9.



POSCO expanded its CGL plants, one after another, in response to the growing demand for highstrength automotive steel. In September 2005, POSCO's 5CGL, with an annual production capacity of 450,000 tons, was completed, creating a production system for GA- and GI-type advanced high-strength steel (AHSS). In June 2006, the company completed the construction of the 6CGL, with an annual production capacity of 400,000 tons, establishing a production system with an annual production capacity of 6.5 million tons of automotive steel, including 2.1 million tons of galvannealed steel sheets. With the completion of these two plants, POSCO became the world's second-largest steel company. Taking this opportunity, the Gwangyang Steelworks announced its vision for the "Completion of the No. 1 Automotive Steel Sheet Steelworks in the World" and pledged to become the basis upon which POSCO would grow to become the best global automotive steel supplier in the world. On August 23, the company completed the construction of a TWB plant, establishing a system that allowed POSCO to respond effectively to any specific customer demands.





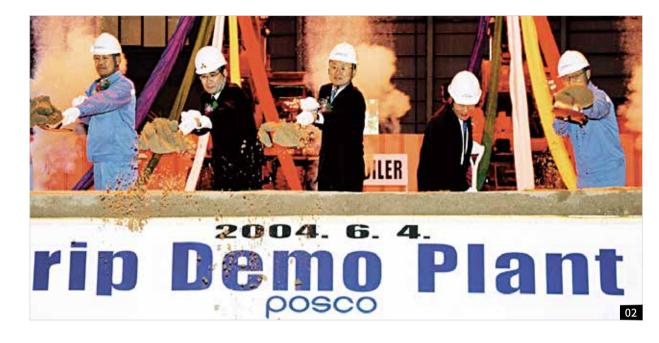


- 01 On July 4, 2006, the Gwangyang Steelworks announced its vision for the "Completion of the No. 1 Automotive Steel Sheet Steelworks in the World."
- 02 The Gwangyang 5CGL plant, with an annual production capacity of 450,000 tons, was completed on September 2, 2005. This is a picture of the inside of the plant.
- 03 On June 30, 2006, POSCO completed the construction of the Gwangyang 6CGL plant, establishing a system with an annual production capacity of 6.5 million tons of automotive steel.

06 Establishment of Unique Technology System

As the global steel industry underwent rapid restructuring in the 2000s and the countries that were newcomers to the steel industry, such as China, began developing steel production technologies, the management environment surrounding POSCO changed rapidly. In response, POSCO accelerated the commercialization of its unique and innovative technologies, such as FINEX and strip casting. In May 2003, the company completed the construction of a FINEX demo plant with an annual production capacity of 600,000 tons, and in August 2004, it began the construction of a commercial facility with an annual production capacity of 1.5 million tons, which was completed in May 2007. These remarkable achievements were made possible by the company's investment of more than KRW 500 billion in R&D, beginning in 1992. By putting the world's first FINEX facility into operation, POSCO increased its technological capability and secured a leadership position in global steel technology. The company also accelerated the commercialization of strip casting, another innovative steel production technology, with the construction of a strip casting demo plant with an annual production capacity of 600,000 tons, which began in Pohang in June 2004 and was completed in 2006. In July, the company completed the construction of a continuous hot rolling technology facility, as part of the project to upgrade the facilities in the Pohang No. 2 hot rolling mill, and also became the first in the world to achieve endless hot rolling process using the shear bonding method. By realizing normal operational capacity in June 2007, POSCO secured its status as the most technologically advanced steel producer in the world.







- **01** On May 30, 2007, POSCO held a completion ceremony for a FINEX plant with an annual production capacity of 1.5 million tons, which was attended by President Roh Moo-hyun.
- 02 On June 4, 2004, POSCO began the construction of a poStrip demo plant for the development of commercialization technology necessary for the strip casting process, a new steel molding technology.
- 03 With the FINEX technology developed by POSCO, Korea became a country with its own domestically developed steel technology.

| 07 | Together with POSCO

On May 29, 2003, POSCO created the POSCO Volunteer Corps (motto: Loving Hands and Sharing Hope) to carry out its social contribution activities in a more systematic manner. Through the group, POSCO participated in various social contribution activities at the company level, helping people in need, providing healthcare, assisting rural workers, purchasing agricultural products, repairing roads, and providing drinking water. It also actively participated in local projects designed to vitalize the local economy of the Pohang and Gwangyang areas. In June 2005, POSCO launched an organization dedicated to supporting SMEs, which it expanded and reorganized in November 2008 to form the SME Cooperation Bureau, thus strengthening mutual growth and management. In September 2005, POSCO expanded the POSCO Scholarship Foundation and renamed it the POSCO TJ Park Foundation, aiming to significantly increase its social contribution projects.











- 01 POSCO Day, a sharing market held on March 6, 2004.
- 02 On May 29, 2003, POSCO established the POSCO Volunteer Corps under the motto "Loving Hands and Sharing Hope."
- 03 Medical volunteer activities carried out in a sister village of the company.
- 04 The POSCO TJ Park Foundation held a board meeting on September 8, 2005, where the mid- to long-term contribution project master plan was confirmed.
- 05 On June 27, 2007, a launch ceremony was held for the POSCO University Student Volunteer Corps, which was formed to build houses for the homeless.

| 08 | Discovery of New Projects

POSCO sought to discover new businesses in the non-steel sector in order to secure new growth engines based on its competitive advantage in steel. In particular, the company focused on finding businesses that met the requirements for sustainable management, especially businesses in the energy, materials, and eco-friendly fuel industries. To improve the cost competitiveness of its stainless steel business, POSCO jointly established the nickel smelting company SNNC with another company in May 2006 and began the construction a ferronickel plant in May 2007, which ended on November 3, 2008. In July 2007, the company completed the construction of a magnesium plate plant with an annual production capacity of 3,000 tons in the Haeryong Industrial Complex in Suncheon. Magnesium plates have been becoming increasingly popular as a lightweight metal, weighing 75 percent less than steel plates and 30 percent less than aluminum, despite their high cost (eight times as expensive as steel sheets).





- **01** On November 3, 2008, POSCO completed the construction of Korea's first ferronickel plant, where directly imported nickel ores are smelted. Taken on October 19, 2008, this picture shows the initial firing of the first electric furnace.
- 02 On July 27, 2007, POSCO completed the construction and launched the operation of a magnesium plate plant in the Haeryong Industrial Complex in Suncheon.
- 03 View of the magnesium plate plant in Suncheon.





Development of Integrated Global Management



- **01** Promotion of Green Growth
- **02** Aiming to Become the Largest, Most Competitive Company in the World
- **03** Innovation of Creative Corporate Culture
- **04** EVI (Early Vendor Involvement) Activities
- **05** Expansion of Business Scope
- **06** Active Promotion of Technological Innovation at the Company Family Level
- **07** POSCO, a Beloved Corporation
- **08** Expansion of POSCO's Global Production Base

Death of Founding CEO Park Tae-joon

The global economic crisis that began in the United States in 2008 was not confined to the United States or the financial sector—it swept across the entire world, forcing POSCO to revise its growth-oriented strategy. Fortunately, Korea was able to overcome the crisis relatively quickly compared to the rest of the world, and POSCO took advantage of the situation by establishing a group management system.

On February 27, 2009, before the fallout of the global financial crisis had been fully resolved, Chung Joon-yang took office as the CEO of POSCO, proposing "open management, creative management, and environmental management" as the company's new corporate philosophy. To cope with the crisis at hand, executive meetings were held under the emergency management system, and the risk management of the company and its subsidiaries was strengthened and its organizational capacity doubled. At the inauguration ceremony in April, POSCO announced its "10 Strategies and 100 Strategic Tasks," showing its commitment to overcoming the economic crisis that the global financial crisis had triggered in Korea and realizing its "Vision 2018." The company also proposed "Evolution of Work (Eop), Expansion of Platform (Jang), and Innovation of Movement (Dong)" (or the Eop-Jang-Dong strategy) as its new business strategy.

The Eop-Jang-Dong strategy showed that POSCO, having emerged from its founding and maturing phases and entered the "era of POSCO 3.0," was prepared to establish the foundation upon which it would prosper for the next 50 years by expanding the scope and diversity of its business and working methods. In other words, the company planned to broaden the scope of its business, which had been focused on steel, to include new businesses, such as materials, green, and marine, as well as subsidiary-centered businesses, such as construction, ICT, and energy businesses. It also sought to expand into the global market, secure creative personnel who have multidisciplinary backgrounds and are capable of actively promoting group management, and create an open culture based on diversity. In 2010, the new concept of "Growth of People (In)" was added to the strategy, focusing on the promotion of employees' development as skilled multidisciplinary workers and the mutual growth the company and its personnel.

POSCO also established the POSCO Family Management System, an integrated group business management system, and aimed to build "One POSCO," encompassing both domestic and overseas business sites. To this end, the company promoted brand management and employed a single-brand strategy. In April 2010, it established a corporate-level brand management system and bundled its subsidiaries into an integrated brand called "POSCO." In May, the company introduced an integrated corporate identity to establish "One POSCO" under a single brand and apply a consistent design across all subsidiaries. In terms of system infrastructure, POSCO pursued "POSPIA 3.0," which sought to integrate the POSCO family's management strategy, business processes, and information systems, starting in 2011. As part of this effort, POSCO launched the Smart Work Place (SWP) system in December 2012, based on its unique work methods.

In order to reflect its new management strategies and the changing business environment in its business areas, POSCO expanded its business activities in three core areas: steel, composite materials, and energy. In the steel sector, POSCO maintained its competitive advantage strategy and focused on establishing a system in Korea with an annual production capacity of 40 million tons of crude steel and making capital investments in the mass production of high-value-added

Chapter 09 Development of Integrated Global Management 187

products. In July 2009, the company rebuilt the Gwangyang No. 4 blast furnace and established the world's first system with an annual production capacity of five million tons and a daily production capacity of 14,000 tons. As part of its plan to produce high-value-added products, POSCO completed the construction of a thick plate plant in Gwangyang in 2011, giving it the capability to produce the world's largest ultra-wide thick plates, and solidified its foundation for future growth by establishing the No. 3 FINEX plant, the first of its kind in the world with an annual production capacity of two million tons. To secure a competitive edge in the intensely competitive steel market, POSCO focused on developing not only the world's best steel production system but also the best products and advanced processing technology. After introducing the "Gungjeuktong (There Is Always a Way)" processing technology system in 2009, POSCO went on to develop 141 unique technologies, allowing it to increase its use of low-cost fuel and raw materials, among other advancements, and produce 33 new types of steel.

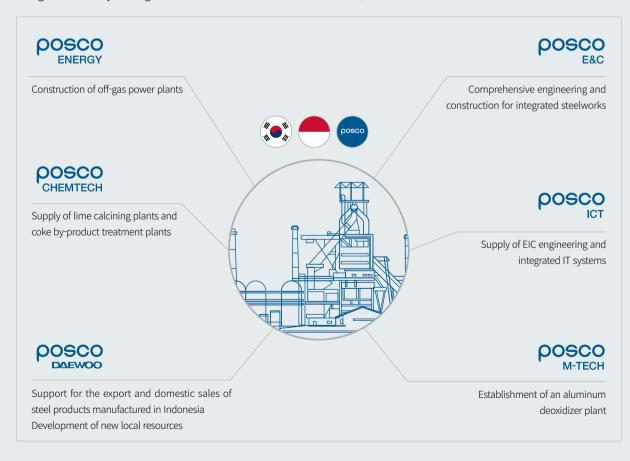
Since September 2009, POSCO has pursued EVI (early vendor involvement) activities in production and sales, providing technical services customized to meet the specific needs of its clients. In particular, the company expanded its technical support services to enable global car manufacturers to carry out EVI activities for all the products they need. In addition, it expanded its global integrated marketing network by establishing new processing centers overseas and localizing 38 processing centers in 12 countries.

POSCO then went on to boost its investments in overseas emerging markets, with a focus on upstream processes. In June 2011, it became the first overseas company to establish a production system with an annual production capacity of one million tons at Zhangjiagang Pohang Stainless Steel. In December 2013, it became the first company in Southeast Asia to operate an integrated steelworks, with an annual production capacity of three million tons, in Indonesia. In this way, POSCO completed a "steel belt" that connected China, Vietnam, Indonesia, and India and continued expanding its steel business in Southeast Asia. It then went on to expand its steel belt and establish the "U&I Global Steel Belt," as a roadmap for its entry into the global market, in 2011. Besides steel, POSCO pioneered other industries as well, including the low-carbon green industry, marine industry, and materials industry. The company expanded its low-carbon green business to include the renewable energy business, leading it to produce anode and cathode materials for secondary cells and fuel cells, and established a foundation for its production of composite materials, including magnesium and titanium plates, lithium, carbon, and silicon. In particular, POSCO secured growth engines through a selection and concentration process in all business areas (including steel, composite materials, and energy), strengthened its competitiveness by merging similar subsidiary divisions, and created the conditions for the expansion of its businesses through M&A, when necessary. In 2010, the company acquired Daewoo International and Sungjin Geotech to expand its overseas sales network, increase its competitiveness in engineering and construction (E&C), and increase the potential of its resource development projects. After securing growth engines in each sector, POSCO promoted the creation of synergy by establishing a cooperative system among its businesses. Specifically, it developed integrated business models through cooperation across various areas of POSCO family businesses, such as new materials development, nuclear power generation facilities, construction, and rare metals discovery, in

addition to the vertical integration of the steel industry.

In terms of its corporate culture, POSCO created the POSCO Family Volunteer Corp in 2009 to expand its social contribution activities at the corporate family level and enhance its sharing culture, especially in terms of human resource development, volunteer activities in local communities, support for the underprivileged, and global social contribution activities. In June 2011, the company increased its emphasis on sustainable management, declaring the corporate philosophy of "Beloved Company" and strengthening its mutual growth and social contribution activities. As a means of pursuing mutual growth at the corporate family level, POSCO operated a mutual growth council also supported the growth of SMEs through "FOCUS," the company's unique performance-sharing model. Moreover, in January 2013, POSCO established three strategic directions and five main areas in which it aimed to carry out social contribution activities and established a strategic and systemic foundation for social contribution.

Integrated Family Management Model (Case of Krakatau POSCO)

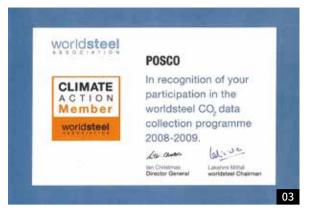


| 01 | Promotion of Green Growth

Following the establishment of the Bureau of Green Growth in February 2009, POSCO launched the Pan-POSCO Green Growth Committee in July of the same year and promoted green growth as a means of creating value over and above profit. In addition to promoting the supply of highly energy-efficient steel products and expanding the use of steel by-products, the company increased its investment in green growth projects, such as wind power, fuel cell development and localization, smart grid, and waste energy projects. In January 2011, it implemented inhouse emissions trading and greenhouse gas reduction reward systems, as ways of preemptively addressing climate change. Since 2009, POSCO has been operating an honorary ambassador program with university students, called "POSCO's Carbon Neutral" program to increase public awareness of climate change. Since 2014, it has also been publishing the third-party verified Carbon Report (as part of its Sustainability Report) to transparently disclose to stakeholders all activities POSCO is undertaking to counter climate change.



- 01 On July 7, 2009, POSCO launched the Pan-POSCO Green Growth Committee.
- 02 On September 25, 2009, POSCO held a launch ceremony for its first Carbon Neutral program and presented certificates of appointment to the participants. This picture shows the science study group from Gwangyeong Middle School that participated in the program.



- 03 On October 12, 2009, POSCO received the "Climate Action Member" certificate from the World Steel Association.
- 04 On December 27, 2010, POSCO announced the POSCO Family Global Environmental Management System and decided to establish an integrated group environmental management system.



In July 2009, POSCO improved and expanded the Gwangyang No. 4 blast furnace, giving it an internal volume of 5,500 cubic meters. In October 2010, it also expanded the Pohang No. 4 blast furnace to an internal volume of 5,600 cubic meters. Furthermore, in June 2013, it expanded the Gwangyang No. 1 blast furnace to 6,000 cubic meters, making it the largest blast furnace in the world. Back in March 2011, the Gwangyang thick plate plant, with an annual production capacity of two million tons, was completed, establishing a seven-million-ton production system and making POSCO the steel manufacturer with the highest thick plate production capacity in the world. In May 2013, the Pohang No. 4 wire rod plant was completed and began producing high-quality wire rods. In the following July, the Pohang No. 4 stainless steel mill was completed, allowing POSCO to phase out the use of scrap iron from electric furnaces in producing its 400-series stainless steel in favor of molten iron from blast furnaces instead.







- 01 On September 30, 2009, the Gwangyang thick plate plant installed the world's largest roughing mill housing.
- 02 On July 21, 2009, CEO Chung Joon-yang fired up the Gwangyang No. 4 blast furnace, after it had successfully undergone improvements.
- 03 On June 7, 2013, the Gwangyang No. 1 blast furnace became the largest blast furnace in the world, with an internal volume of 6,000 cubic meters.

03 Innovation of Creative Corporate Culture

At the onset of the "Business 3.0 era," when competition in the global market was ramping up, POSCO has been striving to raise the creativity of its employees and achieve innovation in its corporate culture in order to generate new value in ways that other companies have not yet even considered. As part of its effort to establish a creative organizational culture, the company opened POREKA (a portmanteau of POSCO and eureka) at the POSCO Center in September 2009. At 1,190 square meters in size, making it the largest complex in Korea dedicated to fostering creativity, POREKA was divided into three sections (Refresh, Fun, and Study), through which it provided various kinds of recreational and learning programs. In October 2011, POSCO transitioned from the four-group, three-shift system that had been practiced at its steelworks for over 20 years to the four-group, two-shift system in an effort to enhance employees' quality of life and increase their satisfaction. In 2011, the company established the operating system for POSPIA 3.0 to integrate its subsidiary and overseas affiliates under "One POSCO." In December 2012, POSCO launched the operation of the SWP (Smart Work Place) system, representing the company's unique work methods. The company also supported Internet-based communication and collaboration through videoconferences and collaborative document work and strengthened the global standardization of its work methods by integrating and managing all business taskrelated information.







- **01** To foster the creativity of its personnel, POSCO opened POREKA, a creative playground, in the POSCO Center on September 2, 2009.
- 02 On December 28, 2009, POREKA was also opened at the Pohang and Gwangyang Technical Research Laboratories. This picture shows the interior of POREKA at the Pohang Technical Research Laboratory.
- 03 On October 17, 2011, POSCO fully implemented the four-group, two-shift system in all divisions and plants.

04 EVI (Early Vendor Involvement) Activities

Since 2008, POSCO has held the Global EVI Forum once every two years to inform its customers of the EVI activities it first introduced in 2000. EVI provides support for the application of steel from the early stage of product development with POSCO's customers and strengthens the partnerships between POSCO and its clients. In 2010, the Global EVI Forum was expanded to include clients from all industries, including the automobile, home appliance, shipbuilding, energy, construction, and heavy equipment industries. POSCO also actively hosted technology exhibitions overseas to promote its technology to global client companies. In April 2013, the company held technology exhibitions to promote its automotive steel technology to the three largest American car manufacturers—GM, Ford, and Chrysler. In November, it also held a technology exhibition at Shanghai GM in China, which received high praise. At the Offshore Technology Conference (OTC), the world's largest exhibition on offshore energy resource development, which was held in Huston, Texas, in May 2011, POSCO operated a booth with its family companies and negotiated the terms of technical cooperation agreements with related companies.





- 01 On November 18 and 19, 2009, POSCO held the Automotive Steel Sheet EVI Forum in Guangzhou, China, which rose in status as the largest car manufacturer in the world.
- O2 From January 29 to 31, 2008, POSCO held the First Global EVI Forum. This picture shows executives and employees of POSCO's client companies around the world attending a lecture on POSCO's next-generation steel sheet technology at Hotel Shilla on January 30.
- O3 From April 30 to May 3, 2012, POSCO attended the OTC held in Huston, Texas, where it actively sought to promote demand for its products.
- 04 A technology exhibition held by POSCO at Shanghai GM in China on November 7, 2013.





| 05 | Expansion of Business Scope

Since 2009, POSCO has sought to expand its business to include low-carbon green projects and marine projects in an effort to secure new growth engines. In April 2012, the company announced its Vision 2020 slogan—"For a Better World with Dreams and Hopes, Materials and Energy!"—and began strengthening its low-carbon energy and materials businesses at the group level. In the energy sector, POSCO E&C completed the Taegisan Wind Power Plant Complex in December 2008, and POSCO ICT participated in Jeju City's smart grid renewable energy project in 2009. In addition, POSCO Chemtech and POSCO ESM entered the secondary cell industry, and POSCO Power (now POSCO Energy) completed the construction of a fuel cell stack manufacturing facility, which is a core facility for the production of fuel cells, in Pohang in March 2011. In the materials industry, the company established a growth engine by promoting the development and commercialization of technologies related to advanced, eco-friendly materials, including lithium, titanium, and magnesium, in which it has made tangible achievements. In September 2010, POSCO acquired Daewoo International (now POSCO Daewoo), giving it the capability to carry out energy exploration and development projects overseas.







- 01 On August 30, 2010, POSCO signed a share trading agreement with KAMCO, the representative of Daewoo International's joint financial council.
- 02 On January 22, 2010, POSCO ICT, which was created through the merger of POSDATA and POSCON, held an inaugural ceremony and announced its CI and vision.
- 03 The Myanmar gas field, the operating rights of which are owned by Daewoo International (renamed POSCO Daewoo on March 21, 2016), began production on June 22, 2013.

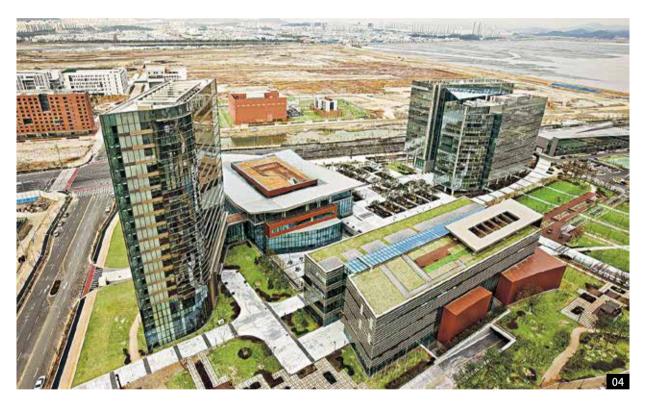
| 06 | Active Promotion of Technological Innovation at the Company Family Level

In November 2010, POSCO completed the construction of the Global R&D Center in Songdo, Incheon. The center consists of six buildings—a residence hall (15 stories), research building, learning center, convention center, and two laboratory centers. Consisting of the Songdo Product Application Center, Open Innovation Technology Research Center, and Leadership Center, the Global R&D Center expanded the company's steel technology R&D activities to areas surrounding the Pohang and Gwangyang Steelworks and promoted the convergence and innovation of technologies in different areas at the corporate family level. RIST's Steel Structure Research Center and POSCO ICT's Technological Research Laboratories have since been moved to the center to combine the research capacities of the POSCO family. The center is now leading the development of next-generation convergent and innovative technologies by strengthening its R&D network with enterprises and universities in the Seoul area and around the world.









- 01 On November 4, 2010, POSCO completed the Global R&D Center to actively promote creative activities and the convergence and innovation of technology from different fields.
- 02 Molding Testing Building.
- 03 Steel Structure Testing Building.
- 04 View of the Global R&D Center.

| 07 | POSCO, a Beloved Corporation

In November 2009, POSCO established social contribution activities at the corporate family level and created the POSCO Family Volunteer Corp. Starting in 2011, the company expanded its global social contribution activities to countries into which it had expanded its business activities, including Malaysia, Mexico, Vietnam, India, Indonesia, and China. In June of the same year, POSCO enacted its "Beloved Corporation Charter," expressing its intention to recreate itself as something more than a big, powerful company—that is, a corporation that is beloved by people. In January 2013, POSCO established five core areas—local society, global human resources, environment, cultural diversity, and cultural legacy—in which it would systematically carry out its social contribution activities. In addition, the company merged POSWITH, Korea's first corporate subsidiary to offer a standardized workplace for people with disabilities, and POS Eco Housing, a social enterprise, to establish POSCO Humans, through which it led efforts to create jobs, support the socially disadvantaged, and improve welfare for people with disabilities. In November, POSCO established the POSCO 1% Foundation, which is a fund based on donations made by company executives and employees along with a matching donation provided by the company, and began carrying out sharing activities in various fields.



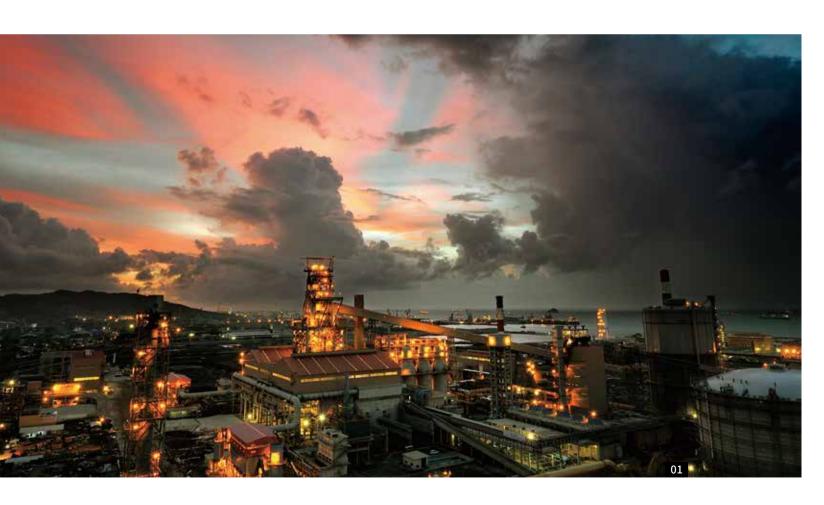




- 01 POSWITH and POS Eco Housing merged to create POSCO Humans, which was officially launched in January 4, 2013.
- 02 On August 3, 2010, POSCO established the POSCO-Food for the Hungry Southeast Asia Emergency Relief Center in Jakarta, Indonesia.
- 03 On November 18, 2013, the POSCO 1% Foundation was officially launched. As its first project, the foundation provided USD 300,000 to the victims of Typhoon Haiyan in the Philippines.

08 | Expansion of POSCO's Global Production Base

As a major part of its roadmap for entering the global market, POSCO established the U&I Global Steel Belt, which connects the "U axis," encompassing Eastern Europe, India, Southeast Asia, and China, and "I axis," consisting of North, Central and South America. In this effort, the company focused on the expansion of its global production bases. In August 2009, POSCO held a completion ceremony for its CGL plant in Mexico, securing its first automotive steel sheet production plant overseas. To secure a production base in Southeast Asia, POSCO acquired Vietnam's Asian Stainless Company (ASC) in September 2009, after which it established POSCO-VST and completed the No. 2 stainless steel cold rolling mill in February 2012. The company also accelerated its entry into the Indian market, which was emerging as the largest automobile market in the world, with its establishment of POSCO-Maharashtra in March 2009, and completed the construction of a CGL plant in the country in 2012 and an electric steel sheet plant in 2013. In March 2011, the company established POSCO Assan TST in Turkey to gain a foothold in the European market. It then completed the construction of a stainless steel cold rolling mill in Turkey in August 2013, securing its first steel plant in Europe. The company also established China POSCO-Guangdong in October 2012 and completed a CGL plant in the country in April 2013, in response to the growing demand for automotive steel sheets in China.







- 01 On December 23, 2013, Indonesia's Krakatau POSCO began operating at full capacity. Krakatau POSCO was the first integrated steelworks in Southeast Asia as well as the first integrated steelworks that POSCO built overseas.
- **02** On August 6, 2009, Mexico's CGL plant, POSCO's first overseas automotive steel sheet plant, was completed.
- 03 In Vietnam, POSCO completed the largest cold rolling mill in Southeast Asia on October 19, 2009.

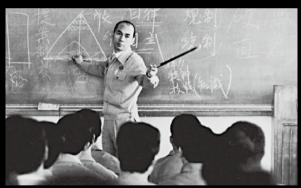


04 On August 15, 2013, POSCO Assan TST, POSCO's first production plant in Europe, was completed in Turkey. With this, the company established a strategic base for advancing into nearby countries, including Russia, Middle East and Asian countries, CIS countries, and North African countries.

Death of Founding CEO Park Tae-joon

On December 13, 2011, founding CEO Park Tae-joon passed away at the age of 84. Having lived his life based on the philosophies of "Repaying the Country by Producing Iron and Steel" and "Repaying the Country through Education," Park successfully established and operated the first integrated steelworks in the Republic of Korea, which had been solely lacking in terms of steel, and made POSCO one of the world's top steel manufacturers. Known as the "world's best steelmaker," he was a great leader of the Korean economy who not only contributed to the development of national industries, including shipbuilding, home appliance, automobile, and machinery, through the steel industry but also served as an educator, having established 14 kindergartens, elementary, middle and high schools that have fostered the growth and development of numerous talented people and founded and nurtured POSTECH to grow as one of the world's most prestigious universities. His funeral ceremony was conducted as a public funeral, with over 600 people from various industries serving as funeral commissioners, and over 87,000 people visited the memorial altars that were set up in seven locations across Korea, including Seoul, Pohang, and Gwangyang, to pay their respects. On December 17, Park was buried in Seoul National Cemetery as a "man of national merit." In 2012, the American steel magazine AMM created the "Steel Hall of Fame" and selected CEO Park Tae-joon of POSCO as one of the eight inaugural inductees, along with Andrew Carnegie, founder of the American Carnegie Steel Corporation, and Inayama Yoshihiro, president of Japan's Nippon Steel. Today, the life and achievements of Park Tae-joon remain a great legacy for people all around the world.

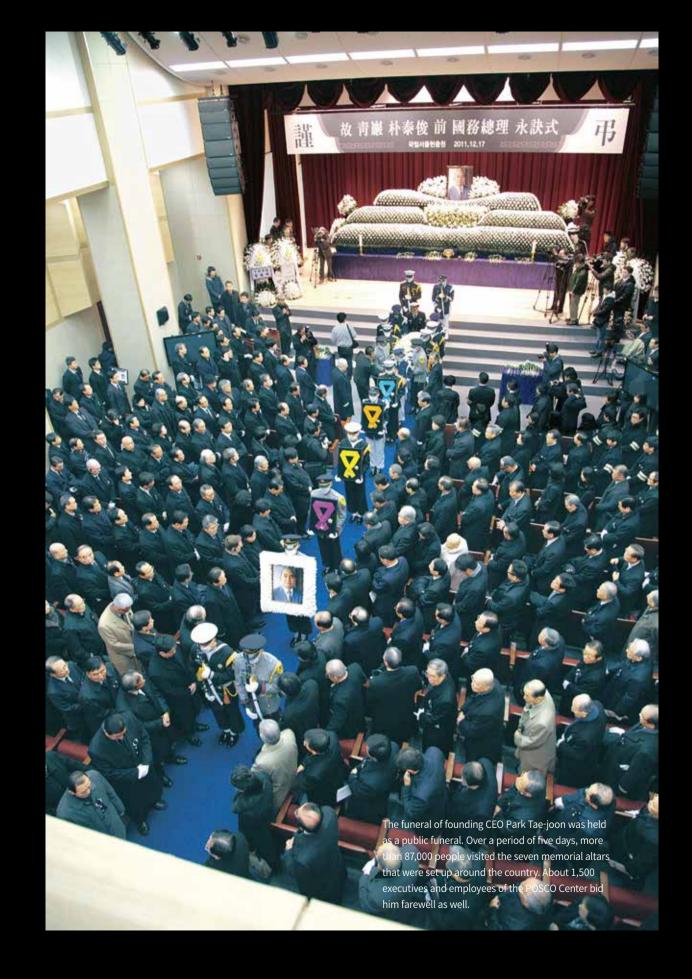




In this photo, Park Tae-joon, the founding CEO of POSCO, is giving a lecture on self-management to company employees in the 1970s. Park was a leading steelmaker of his time who built a comprehensive steelworks on a barren stretch of land.

Cheongam Park Tae-joon, a book that commemorates founding CEO Park Tae-joon, was published on March 21, 2012.

On December 2, 2011, the day before the 25th anniversary of its founding, POSTECH erected a statue of Park Tae-joon in POSTECH's Nobel Garden to commemorate the spirit of the company founder. The statue was created based on the efforts of 22,905 citizens, the people of POSTECH, and many others.





Restored Competitiveness and Establishment of a Basis for a New Chapter in the Company's History



- **01** Strengthening POSCO's Competitiveness in the Steel Industry
- 02 Establishment of POSCO's Own Innovation Model
- 03 Promotion of Highly Intensive Management Reform
- **04** Establishment of POSCO Master Craftsmen Program and the Dual Ladder System
- **05** Arrival of the Giga Steel Era
- **06** Shared Growth
- **07** Acquisition of Future Growth Engines
- 08 Establishment of a 10 Million-Ton Automotive Steel Sheet Sales System
- **09** Customer Value-Oriented Solution Marketing
- 10 Smart POSCO Realizes Smartization
- 11 A New Dream of 100 Years and Announcement of a New Future Vision

On March 14, 2014, Kwon Oh-joon took office as CEO of POSCO. At the time, POSCO Group was facing a management crisis, as its financial structure had deteriorated due to oversupply in the global steel sector and POSCO's growth-oriented investments. While reorienting the Group's management paradigm toward substantial growth, we declared the new vision "POSCO the Great" in an effort to achieve a new level of success based on POSCO's growth as a globally respected and nationally beloved company, achieved through the continuous creation of new value and contribution to Korea's economic development.

To realize this new vision, we promoted "Innovation POSCO 1.0." This initiative represented the company's resolution to abandon pride and appearances and "go back to the basics" as well as it dedication to uniting and leading the industry. Four agendas were set out for Innovation POSCO 1.0: strengthening POSCO's competitiveness in the steel industry, selecting and focusing on new growth business areas, dramatically improving the financial structure, and innovating the management infrastructure. The innovation effort began with organizational restructuring, with the company's six divisions being reorganized into four: steel industry, steel production, financial investment, and management infrastructure. In addition, the Value Management Office was newly established to improve the group's overall efficiency and carry out corporate restructuring. The Value Management Office was later expanded and renamed the "Value Management Center," which is now in charge of restructuring POSCO's subsidiaries both at home and overseas and improving company management.

Innovation POSCO 1.0 made significant tangible achievements within a short period of time. In 2015, however, the poor performance of POSCO's subsidiaries and overseas businesses and the delay in restructuring aggravated the company's management difficulties. Moreover, the company's credibility took a hit with the allegations regarding the creation of POSCO E&C's slush fund, intensifying the crisis both inside and outside the company. In response, POSCO launched the Emergency Management Reform Committee in May 2015 and declared the "Innovation POSCO 2.0" initiative in July with the aim of accelerating management innovation. The four agendas were enhanced as well, changing them to: strengthening POSCO's competitiveness in the steel industry, accelerating business structure innovation, making tangible achievements in new growth business areas, and restructuring the ethics-based management infrastructure.

POSCO made many accomplishments through Innovation POSCO 1.0 and 2.0, the most visible of which was the strengthening of its financial structure through the bold restructuring of its subsidiaries in non-core industries and low-margin assets. From 2014, when the master plan for restructuring was launched, to 2016, we restructured subsidiaries and assets on 77 and 49 occasions, respectively, resulting in financial improvements valued at a total of KRW 5.8 trillion. In addition, we secured the investment capability to strengthen our competitiveness in the steel industry and foster new growth business areas by reducing our consolidated net working capital and investment costs. The restructuring of POSCO Group's businesses not only improved the financial structure but also led to the introduction of value management and the creation of synergy at the group level. Aside from the steel business, we reorganized our businesses into four areas—trade, infrastructure, energy, and materials—and allowed the businesses in each area to strengthen their business management and maximize their accomplishments by improving the management system. In particular, our

Chapter 10 Restored Competitiveness and Establishment of a Basis for a New Chapter in the Company's History 209

steel distribution business was able to reinforce its steel sales capacity and streamline its overseas distribution network through the merger of POSCO Daewoo and POSCO P&S, while POSCO E&C pursued specialization through downsizing and restructuring.

To translate the results of restructuring into business performance, we strengthened our competitiveness in the steel industry through solution marketing and World Premium (WP) product sales. To promote internal growth, the company thoroughly reviewed its investments and refrained from making new investments while boldly executing necessary investments. Moreover, we solidified our unique position as a leading company in the high-end steel sheet and high-performance steel market through the construction of the Gwangyang No. 4 hot rolling mill, with an annual production capacity of 3.3 million tons in October 2014 and the completion of the capacity rationalization program for the Gwangyang No. 4 cold rolling mill in May 2016.

For its overseas businesses, POSCO promoted business restructuring, thus inducing overseas subsidiaries in urgent need of increasing their profitability to pursue the restructuring of their businesses and strengthen their solution marketing efforts in order to realize profits early on. As a result, the company's existing overseas investment projects in China, the Americas, Southeast Asia, and India gradually stabilized. POSCO completed the construction of the No. 3 plant at POSCO-CFPC, a comprehensive processing center that features a processing line for automotive outer panels, in Foshan, China, in December 2014 and a cold rolling mill with an annual production capacity of 1.8 million tons in Maharashtra, India, in January 2015. In August 2016, POSCO completed the construction of a CGL plant with an annual production capacity of 450,000 tons in Thailand, its first automotive steel production base in Southeast Asia. With the establishment of these facilities, POSCO established an optimized solution marketing system in Southeast Asia that encompasses production, processing, sales, and technical support, with a processing company in Thailand and a production company in Vietnam. In this way, POSCO increased its annual production capacity of automotive steel to 2.25 million tons and strengthened its competitiveness in relation to other leading global steel companies. As for new growth industries, in 2016, POSCO reviewed the new businesses it had previously pursued and selected growth industries in the energy sector while weeding out non-core businesses. In the energy storage material and lightweight material industries, POSCO leveraged its independently developed technologies to establish a mass-production and supply system for anode and cathode materials for secondary cells, while in the energy industry, its pursued new businesses in gas, overseas power generation, and renewable energy. In 2017, the company considered entering the bio and agricultural industries, in line with the current trend, hoping to open a new chapter in its history for the next 50 years.

Among the results of Innovation POSCO were several quantitative accomplishments, including the recovery of the operating profit margin to two digits, transition of net profit on a consolidated financial statement basis to profit, and realization of the lowest debt ratio on the separate financial statement basis since the foundation of the company. However, the greatest accomplishment was the confidence that the company's employees and executives regained in their ability to strengthen the company's competitiveness and lead it along a path to success in the future.

In March 2017, around the beginning of the second term of CEO Kwon Oh-joon, POSCO announced a new mid-term strategy that seeks to secure and maintain its profitability in the steel industry as

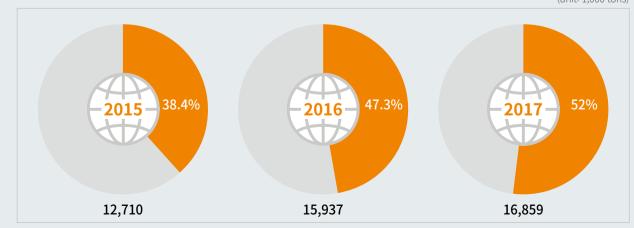
a leading global corporation and foster future growth industries based on the accomplishments of Innovation POSCO. With the 50th anniversary of POSCO's founding just around the corner, this new mid-term strategy was instituted to prepare the company for the 50 years that lie ahead. It includes four key agendas: advancement of the steel business based on the company's independently developed technology, improvement of profitability in non-steel businesses, promotion of future growth based on differentiated capacity, and smartization of group businesses. In May of the same year, POSCO launched the Future Growth Committee, which is under the direct control of the CEO. This committee specializes in new and renewable energy, overseas power generation, smart solutions, and materials, works to establish POSCO's group-level strategy for promoting new businesses (which had previously been pursued independently by affiliates), and enables affiliates to maximize synergy through cooperation so that they can achieve set goals. In recognition of its continuous innovation efforts and strong management performance, POSCO received the 100 Billion Dollar Export Tower Award on the 54th Trade Day, held in December 2017.

With this award, POSCO showed that it had achieved exports 100 times larger than when it had won the 10 Million Dollar Export Tower Award on the 12th Export Day in 1975, 42 years earlier.

In celebration of the 50th anniversary of the company's foundation, POSCO is making several new resolutions. Over the 50 years since its founding on April 1, 1968, with the vision of "Repaying the Country by Producing Iron and Steel," POSCO has spearheaded the development of related industries, contributed to the national economy, and grown as a major company in Korea. Leveraging its competitiveness in the steel industry, POSCO expanded the scope of its business to E&C, trade, materials, and energy and built an extensive overseas network, allowing it to thrive in the global market. Having steadily improved its corporate governance and management system, enhanced its corporate culture of ethical management and performance, and established a system of shared growth and mutual management, POSCO is now poised to open a new chapter in its history that will span the next 50 years.

Sales volume and share of WP products





01 Strengthening POSCO's Competitiveness in the Steel Industry

In March 2014, POSCO presented the vision "POSCO the Great," which we aimed to achieved through "substantial growth" as the world economy was caught in a low growth trap. As part of the agenda to realize that vision, we strengthened our competitiveness in the steel industry to secure sustainable profitability as a leading global company. The construction of the No. 4 hot rolling mill, which has an annual production capacity of 3.3 million tons, in October 2014 allowed POSCO to more actively respond to the growing demand of global car manufacturers for premium automotive steel. The construction of the mill was particularly significant, as it was built through collaboration between POSCO and its subsidiaries, including POSCO E&C and POSCO ICT, based on its own engineering expertise. When SNNC built its second ferronickel plant in March 2015, we completed the world's first vertically integrated system of nickel mining, nickel smelting, and stainless steel production and greatly enhanced the company's cost competitiveness. Next, in June 2016, the site of the No. 5 blast furnace in Gwangyang was renovated and expanded to a size of 5,500 cubic meters, establishing a system with an annual production capacity of 230 million tons of crude steel at the Gwangyang steel mill. We also strengthened the development and sales of WP products, which were crucial to the company's profitability, and selected WP products to be intensively marketed to client companies, including AHSS, MAFE steel, and HPF steel, ultimately leading to the growth of both POSCO and its client companies. As a result, the proportion of WP products in the total sales of POSCO's products rose from 33 percent in 2014 to 52 percent in 2017.

- **01** On October 31, 2014, POSCO completed the construction of the domestically developed Gwangyang No. 4 hot rolling mill.
- 02 On March 6, 2015, the SNNC completed the construction of the No. 2 ferronickel plant.
- 03 On June 7, 2016, CEO Kwon Oh-joon fired up the Gwangyang No. 5 plant, beginning the second term of its operation.





In August 2014, POSCO announced the QSS+ (Quick Six Sigma Plus) project, an improved version of the QSS innovation project that was implemented in 2005 to improve the company's environmental facilities and reduce waste. The company emphasized quality, stability, and safety through QSS+, which consisted of major voluntary activities customized for each department, as well as My M&S (My Machine & Safety), an upgraded version of My Machine (a movement for improving the function of existing facilities) with a focus on safety. Moreover, POSCO newly established POSTIM (POSCO Total Innovation Methodology), which consisted of the QSS+, PWS (Project-based Working System), and SWP (Smart Work Place). In June 2015, POSCO developed PSS+ (POSCO Six Sigma Plus), an innovative methodology that integrated the methodologies of Six Sigma while moving away from nominal processes to focus on developing projects and creating results. In addition, through regular proposals of creative ideas by employees and executives and monthly brainstorming sessions overseen by executives, POSCO is expanding the IP project-based working method throughout the company.

- 01 On December 4, 2014, POSCO held IP Festival 2014 at the Great Conference Hall in the company's main building in Pohang, where it presented awards to groups and individuals that have achieved outstanding performance.
- 02 On August 12, 2014, CEO Kwon Oh-joon visited the Technology Development Center and the 2CGL plant at the Gwangyang Steelworks to promote QSS+ activities.



03 | Promotion of Highly Intensive Management Reform

In 2015, while the oversupply issue in the global steel industry remained a concern and POSCO's competitors were strengthening their positions, POSCO was restrained by the sluggish economic performance of its affiliates and a slump in its overseas businesses. With the delay in restructuring, POSCO's economic problems worsened, and the company was in need of more fundamental and intensive Management reform. It thus launched the Emergency Management Reform Committee in May and declared Innovation POSCO 2.0 in July, emphasizing the strengthening of its competitiveness in the steel industry, realization of tangible results in new growth industries, acceleration of business structure innovation, and establishment of a management infrastructure based on ethics. The company then company carried out an intensive restructuring of low-profit businesses and insolvent affiliates. To establish ethical management as its most important value, POSCO established the principle of "Zero Tolerance for Non-Ethical Behavior" and has been applying the "One Strike and Out" policy for four non-ethical behaviors: accepting bribes, embezzlement, sexual misconduct, and spin control. Moreover, through three 100-percent principles (competition, disclosure, and records), POSCO is aggressively implementing ethical management. In an effort to transform itself into a strong, tight-knit organization, In February 2017, POSCO has also reduced the total number of executives in POSCO Group by 12 percent compared to the previous year.



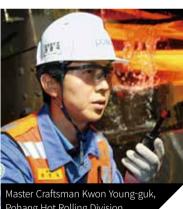




- **01** On July 15, 2015, POSCO announced its five management reform agendas at the Korea Exchange in Yeouido.
- 02 On July 16, 2015, a day after the information session on the five management reform agendas, POSCO held a management reform rally, where executives and employees resolved to take the initiative to overcome crises.
- ${\color{red}03}$ On October 21, 2016, POSCO held the POSCO Ethics Summit.

In 2015, POSCO adopted the POSCO Master Craftsmen program for the best engineers at the company. This program was introduced in an effort to encourage employees to contribute to the company's acquisition and development of world-class technology and knowledge, create an organizational culture where engineers and technicians are respected, and continue advancing technologies in order to strengthen the company's competitiveness. In June 2015, the first four Master Craftsmen were selected from the hot rolling, EIC technology, iron-making, and steelmaking divisions, and in 2016, three more Master Craftsmen were designated in the blast furnace facilities, electric facilities, and automotive steel sheet divisions. In 2017, three Master Craftsmen were selected from the electric control process, electrical steel, cold rolling mill, and hot rolling mill divisions. In 2018, POSCO selected three people from three different divisions/offices and honored them as "Master Engineers" in the areas of: quality management of measuring equipment and consistency verification technology, development of a new anti-curling tuyere for furnaces, and design and repair technology for the continuous casting guide roll. In January 2018, Master Craftsman Son Byung-rak was appointed as an assistant managing director, becoming the first Master Craftsman to become an executive. In March 2015, POSCO expanded the Dual Ladder System across the group as a means of systematically fostering management leaders and experts and created an occupational group of "Experts" among salaried employees in 2017.

2015



ohang Hot Rolling Division



Master Craftsman Son Byung-rak, Pohang EIC Technology Division



2016



Master Craftsman Kim Cha-jin, Pohang Iron-making Division



aster Craftsman Shin Seung-cheol, wangyang Cold Rolling Division



2017



Master Craftsman Nam Tae-gyu, ohang Steel-making Division





2018



Pohang EIC Technology Division



Swangyang Ironmaking Division



Engineering Solution Office

05 Arrival of the Giga Steel Era

"We will focus on the production of WP products, such as Giga Steel for automotive steel sheets, to lead not only the global steel industry but also the future of the automobile market with Giga Steel, POSCO's ultra-high-strength steel."

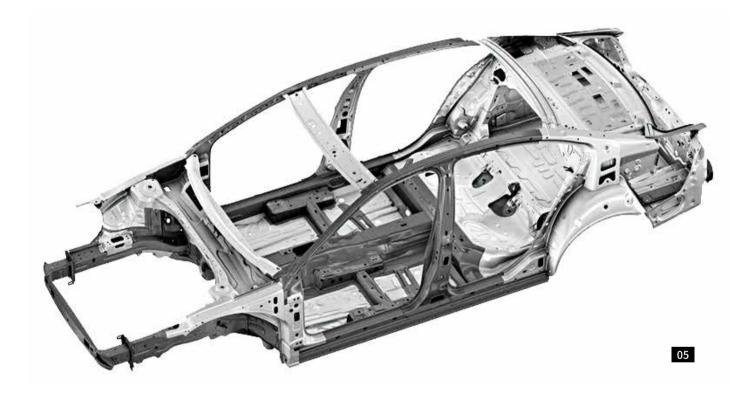
On August 31, 2016, at the completion ceremony for the CGL plant in Thailand, POSCO officially declared the arrival of the Giga Steel era. Giga Steel is a dream material. It is high-tensile automotive steel sheet with a tensile strength of more than one gigapascal that is lighter, stronger, cheaper, and more durable than competing materials, such as aluminum, yet can also be processed in a variety of ways. Through continuous research and development, POSCO developed eight different types of Giga Steel that are suitable for different parts of automobiles and can be mass-produced. By developing the world's best automotive steel sheet technology, the company is realizing the dreams of global automobile manufacturers. After 2018, POSCO plans to complete a 10 million-ton sales system, which will be the largest such system among the about 20 major global steelmakers (of the more than 800 steelmakers in the world) that have the capacity to produce automotive steel.











- **01** On August 31, 2016, POSCO completed its CGL plant in Thailand, the first automotive steel sheet plant in Southeast Asia. This picture shows Korean and overseas guests inspecting the inside of the plant after the completion ceremony.
- O2 On April 8, 2017, POSCO began airing commercials for Giga Steel. This commercial was the first product commercial, in which POSCO focused on promoting its steel products.
- 03 Renault's Eolab concept car, displayed at Paris Motor Show 2014 during the Press Day event held on October 2, 2014.
- 04 SsangYong's G4 Rexton, the frame of which used 1.5 gigapascallevel high-strength steel (March 2017).
- 05 A car frame made with Giga Steel, which is lighter and three times stronger than aluminum.

| 06 | Shared Growth

Under the slogan "For a Better World," POSCO expanded its social contribution activities with the launch of the POSCO 1% Sharing Foundation. The foundation has implemented a wide range of social interest activities, such as the establishment of POSCO Steel Village, using funds donated by employees and matching donations from the company. A project that involves the construction of facilities for the underprivileged in both Korea and countries overseas and supports the independence of local communities, POSCO Steel Village has built houses not only in Korea but also overseas for people in need of welfare support. POSCO was recognized for this work, and its Steel Village initiative was registered as an outstanding project under the UN's Sustainable Development Goals in December 2017. The company also held concerts for laborers at the industrial complex, promoting crossover concerts of traditional music and K-pop while also preserving Korean cultural heritage. POSCO is also consistently making efforts to realize shared growth with SMEs and its subcontracting partner companies. In recognition of its efforts to systematically promote shared growth activities across all areas, including financial support, technological cooperation, strengthening of partnerships, consultation and education, and job creation, POSCO received the Republic of Korea Accompanied Growth Award for its fourth consecutive year in 2016.









- **01** From July 15 to 19, 2014, the eighth POSCO University Student Volunteer Corps Beyond participated in the "Dream Project" in Chuncheon, Gangwon Province, where they built houses, participated in flash mob events, and held fundraisers.
- 02 On May 27, 2016, POSCO completed the construction of the POSCO Partner Collaboration Academy, which provides customized training by occupation to field employees and engineers and employees of SMEs and subcontracting partner companies.
- 03 On December 20, 2016, POSCO received the Republic of Korea Accompanied Growth Award for its fourth consecutive year (since 2013), proving POSCO's superior performance in terms of achieving shared growth with partner companies.
- 04 On September 12, 2017, POSCO held the "Small Concert for Our Heroes" at the Gasan Digital Complex in Seoul.

07 Acquisition of Future Growth Engines

POSCO began creating future growth engines in the fields of energy storage and lightweight materials. In the energy storage material sector, the company aimed to develop PosLX (POSCO Lithium Extraction), a technique for extracting lithium, which is an essential material for secondary cells (anode and cathode materials). To this end, POSCO completed the three-stage verification of a 200-ton pilot plant in 2015, built a PosLX plant with an annual production capacity of 2,500 tons at the Gwangyang Steelworks in February 2017, and became the first company in Korea to commercially produce lithium. In the light material sector, POSCO has been advancing technology for the production of large magnesium sheets since the completion of its magnesium sheet plant in Suncheon in July 2007.









- 01 On February 2017, POSCO held a completion ceremony for the PosLX plant and began the commercial production of lithium, making it the first company in Korea to do so.
- 02 On February 10, 2017, CEO Kwon Oh-joon visited the POSCO ESM cathode production plant in Gumi and encouraged the employees and executives there.
- 03 The inside of the magnesium sheet plant, which entered operation in the Haeryong Industrial Complex in Suncheon in July 2007.
- O4 On August 7, 2017, the first shipment of PosLX lithium carbonate products was sent off, seven years after POSCO first began pursuing its lithium project.

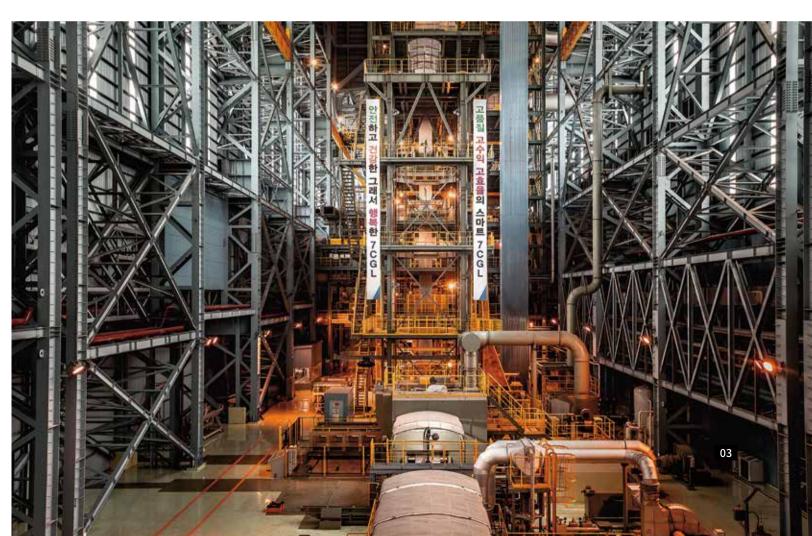
08 Establishment of a 10 Million-Ton Automotive Steel Sheet Sales System

On April 26, 2017, POSCO completed the 7CGL plant, a production facility dedicated to Giga Steel with an annual production capacity of 500,000 tons, and strengthened its position as a global automotive steel sheet maker. With this, POSCO now had 12 CGL plants: seven in Korea, two in Mexico, and one each in India, China, and Thailand. The company continued its technology development efforts as well. After becoming the first in the world to successfully develop TWIP steel in 2008, POSCO unveiled Eolab (which used POSCO's 2 GPa-level HPF) during the Paris Motor Show in October 2014. It also became the world's first steelmaker to participate in the North American International Auto Show (NAIAS) in January 2016. By doing so, POSCO showed its promise as a leader of the automotive steel sheet market. Thanks to these efforts, POSCO achieved approximately nine million tons in sales of automotive steel in 2016. Currently, the company is striving and combining its capacities to establish a 10-million-ton sales system.



- 01 On January 12, 2016, amid the global car manufacturers that were displaying their flagship models and concept cars (featuring all the major technologies of each company) at NAIAS, POSCO gave a presentation that introduced the company, marking the first time that a steelmaker participated in the motor show.
- 02 On April 26, 2017, POSCO completed the construction of the world's first automotive steel plant specializing in Giga Steel production and the Gwangyang 7CGL plant.
- 03 The inside of the 7CGL plant, a production facility dedicated to ultra-high-strength Giga Steel.





09 Customer Value-Oriented Solution Marketing

To provide more value to its customers, POSCO started promoting solution marketing, an advanced form of its EVI activities, in 2014. Instead of simply providing quality steel products to customers, the company used solution marketing to provide technical and commercial solutions that allowed customers to use its products more conveniently and easily. In 2015, "Human Solution," which focuses on the pursuit of customer satisfaction, was added to POSCO's solution marketing system. In addition, POSCO established technical service centers (TSC) in its major bases overseas to efficiently implement its solution marketing system. As of 2017, there were 34 technical service centers in seven regions in Korea and overseas, all of which provide intensive hands-on support. After having pursued solution marketing for about five years, POSCO decided to supply high-manganese steel to ExxonMobil, the largest petroleum company in the world, in March 2017. In this way, POSCO has been actively promoting solution marketing for high-value-added products, such as its Giga Steel and high-manganese steel products, based on domestically developed technology.









- 01 On October 30, 2017, POSCO held the Global EV Materials Forum 2017 at its Global R&D Center. Held under the theme "Becoming an EV Total Solution Provider," the forum was a platform for POSCO to inform the world of its status as a leading supplier of core materials for electric vehicles.
- 02 Since his appointment as the CEO of POSCO, Kwon Ohjoon has visited client companies and supported solution marketing. On August 27, 2014, Kwon visited KISWire's plant in Gyeongcheon and promised to support the continuous growth of the company. KISWire is the world's second-largest wire manufacturer, and POSCO supplies products to KISWire's facilities in Korea as well as overseas.
- 03 On March 22, 2017, POSCO agreed to cooperate with ExxonMobil on the mass production and supply of the high-manganese steel for slurry pipes that it co-developed with ExxonMobil. Thanks to ExxonMobil's use of its products, POSCO was able to increase its sales of high-manganese steel for slurry pipes in the oil sands industry.
- 04 In July 18, 2017, POSCO invited 64 of its client companies in the steel construction materials industry to attend a "Solution Marketing Strategy Forum to Address the Digital Business Environment."

10 | Smart POSCO Realizes Smartization

At the onset of the Fourth Industrial Revolution and the "Smart era" in 2016, POSCO announced its "Smart POSCO" system, based on which it began promoting "smartization" through the application of IoT, AI, big data, and other advanced ICTs. After the announcement of the new mid-term strategy in March 2017, POSCO expanded the "Smart POSCO" system throughout the management of its steel and group businesses in April. Under the slogan "Smart POSCO, Smartization-based Business Transformation," POSCO is promoting smart factories, smart B&C, and smart energy in various fields. It also offers various training programs designed to foster key personnel as AI experts, thus increasing the implementation capacity of Smart POSCO.







- On November 7, 2016, CEO Kwon Oh-joon gave a keynote speech titled "Smart POSCO, Leading the Smart Industry Initiative" at the World Engineering Education Forum and Global Engineering Deans Council, held at the COEX, Seoul.
- 02 On October 19, 2017, POSCO received the presidential award at the 6th Republic of Korea Knowledge Awards. POSCO was recognized for its Smart POSCO strategy and the results of its promotion of smart factories.
- 03 On February 12, 2018, POSCO signed an MOU with General Electric, agreeing to cooperate on the development and active promotion of the commercialization of a hybrid smart factory platform optimized for steel production facilities.

11 A New Dream of 100 Years and Announcement of a New Future Vision (1)

In celebration of the 50th anniversary of its foundation, POSCO held a ceremony on April 1, 2018, to announce its future vision to become a 100-year-old corporation. Over 2,400 people from POSCO, its subsidiaries, and contractors attended the ceremony, which was held at the POSTECH Gymnasium. The event was divided into three parts: a commemoration of the company's 50th anniversary and past quarter century of growth, an announcement of "POSCO 100 Vision" and the coming of a new era for the company over the next 50 years, and a celebratory performance under the theme "Everlasting Legacy of the People of Steel." In his welcoming remarks, CEO Kwon Oh-joon defined the past 50 years of POSCO's history as "a time during which POSCO created something out of nothing and laid the foundation for the growth of the national economy and expansion of global business management." He also had some words for the executives and employees of POSCO, encouraging them to "move beyond their limitations based on their creativity and can-do spirit and the legacy of the company and step out into the wider world." While introducing "Unlimit the Limit: Steel and Beyond," which embodies POSCO's mission to become a 100-year-old company, CEO Kwon Oh-joon encouraged the executives and employees to become leaders of both the steel and non-steel industries, backed by POSCO's past 50 years of achievements and can-do spirit.





- 01 At the ceremony for the 50th anniversary of the company's founding and announcement of its new future vision, which was held on April 1, 2018, CEO Kwon Oh-joon introduced "POSCO 100 Vision."
- O2 POSCO presented appreciation plaques to its clients and suppliers in gratitude for their dedication and loyalty as partners over the past 50 years of POSCO's history.
- 03 A photograph of CEO Kwon Oh-joon and POSCO employees that was taken outside the event hall.



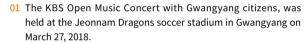
11 A New Dream of 100 Years and Announcement of a New Future Vision (2)

Around the 50th anniversary of its founding, POSCO hosted meaningful events to reflect on the company's past 50 years, evaluate its current status, and consider its path forward over the next 50 years. On March 26, POSCO held an invitational dinner for the founding members of the company in celebration of its 50th anniversary. The next day, it hosted the KBS Open Music Concert at the Jeonnam Dragons soccer stadium in Gwangyang. On April 2, CEO Kwon Oh-joon and the members of the Joongwoo Association visited the grave of the founding CEO Park Tae-joon to pay their respects. In addition, the renovation of the POSCO Center was completed, and everyone involved in the project was invited to the center for a 50th anniversary reception.









- 02 On March 26, 2018, POSCO invited and expressed its gratitude to the founding members of POSCO and listened to the founders' valuable experiences and opinions (front row from left: founding members Park Jun-min, Lee Sang-su, Jang Gyeong-hwan, Hwang Kyung-no, Ahn Byeong-hwa, Yeo Sanghwan, Ahn Deok-ju, and Lee Yeong-jik).
- 03 POSCO members and local residents watched a soccer game between the Pohang Steelers and Ulsan Hyundai at the Pohang Steelers home stadium on March 31, where they wished for the Pohang Steelers' success in the 2018 K League. CEO Kwon Ohjoon encouraged the players to do their best.





- 04 On April 2, POSCO completed the renovation of the POSCO Center. This photograph shows the opening ceremony of the comprehensive product exhibition hall on the first and second floors of the center.
- 05 On April 2, In the afternoon, POSCO invited individuals who have contributed to the development of POSCO to attend a 50th anniversary reception at the POSCO Center Steel Club to show its appreciation.
- 06 On April 2, CEO Kwon Oh-joon visited the grave of the founding CEO Park Tae-joon at the National Cemetery in Seoul to pay his respects and report to Park about POSCO's new future vision and celebrated Park's achievements with the members of the Joongwoo Association.





With POSCO, Marking a New Beginning for the Next 50 Years



- **01** Pursuing Future Value with Business Partners
- **02** Building a Corporate Culture of Trust and Creativity
- 03 Announcing the 100 Reforms Agenda
- 04 Opening a New Chapter as a Future-oriented Company Based on Core Materials for Secondary Batteries

With Choi Jeong-woo taking office as the CEO of POSCO on July 27, 2018, POSCO announced "With POSCO" as its new vision. This change signifies the necessity for POSCO, which celebrated its 50th anniversary, to move forward into its next 50 years of operation with the aim of not only sustaining its founding philosophy of manufacturing steel to protect the nation but also going beyond that philosophy to be reborn as a "corporate citizen that grows with the nation and its people."

To achieve this vision, POSCO proposed three reforms: "Business With POSCO, Creating Value Together With Business Partners"; "Society With POSCO, Shape a Better Tomorrow With the Community"; and "People With POSCO, Building a Corporate Culture of Trust and Creativity." Choi requested that employees and executives promote these reforms with a focus on substance over formality, action over reporting, and practical interests over causes. On August 1, POSCO took the decisive step of restructuring the organization in an effort to strengthen cooperation throughout all aspects of the company's steel business and create an organizational structure that efficiently and effectively supports the CEO's group management system.

For "Business With POSCO, Creating Value Together With Business Partners," POSCO held the 30th POSCO Annual Conference on Technology on August 23, where it discussed the latest technologies and the future direction of the industry with "group companies" as well as partners, university research institutions, and experts. On September 9, CEO Choi Jeong-woo had a one-on-one meeting with President Joko Widodo of Indonesia, who was making a state visit to Korea. From September 18 to 20, Choi participated in the third inter-Korean summit as a member of the economic delegation, and on October 10, he visited Hyundai Heavy Industries.

For "Society with POSCO, Shaping a Better Tomorrow With the Community," POSCO embarked on a steel village project to build housing and public facilities for underdeveloped areas in Indonesia. In Korea, the company supported the establishment of Cheongnyeon Nuri, a share house for youths, to help relieve the youth housing crisis, and held a moving-in ceremony on September 19.

For "People With POSCO, Building a Corporate Culture of Trust and Creativity," the company strived to foster the growth of trust and creativity in its corporate culture. The company changed the terms "affiliate companies" to "group companies" and "contractors" to "partners" to avoid any negative overtones attached to the terms and promoted mutual growth and cooperation. CEO Choi Jeong-woo took the lead in this effort by visiting Pohang Steelworks on July 27 and Gwangyang Steelworks on July 30, attending a safety awareness workshop on October 5, visiting partner companies of Pohang and Gwangyang steelworks on October 19 and 26, and participating in "CEO Trekking Talk" events with the executives of Pohang, Gwangyang, and Seoul on October 20 and 27 and November 17, respectively.

On September 3, POSCO announced its plan to invest KRW 45 trillion and hire 20,000 people by 2023 to advance its steel business and discover new growth projects. This was POSCO's attempt to become a "corporate citizen that grows with the nation and its people." By investing a step ahead of others and securing a pool of talented personnel in advance, POSCO is striving to lead the global steel industry and the Fourth Industrial Revolution in the manufacturing industry and also actively engage in resolving social issues by creating jobs and vitalizing the local economy.

On November 5, 2018, the 100th day of Choi's reign as the CEO of POSCO, the company held the "With POSCO Management Reform Workshop" and announced its 100 reforms agenda. The major focus was achieving the "best results, with everyone, without discrimination." This is the company's blueprint

for investing KRW 45 trillion and hiring 20,000 people as a means of making further progress toward realizing the long-term goals that were announced at the company's 50th anniversary—that is, reaching KRW 100 trillion in sales and KRW 13 trillion in operating profits by 2030. The 100 reforms were selected from over 3,300 recommendations and proposals that the company had collected from its employees as well as people inside and outside the company since July of this year, in addition to ideas suggested by executives and Choi himself.

In terms of its business goals (Business With POSCO), POSCO decided to focus on securing its position as a major automotive steel sheet supplier by achieving sales of 12 million tons of automotive steel sheets by 2025. The company also decided to transition to an open and cooperative technological development system by focusing more on production and cost-reduction technologies. Rather than insisting on the application and use of technologies developed independently by the company, this transition aims to secure the capability to respond flexibly to sudden changes in the global paradigm through the expansion of technical cooperation and alliances for the adoption of externally developed technologies. In addition, the company's new growth project will be elevated to a new growth division, which will be headed by an outside expert to bolster expertise and power of execution.

In terms of its group businesses, POSCO decided to integrate its LNG trading business, including LNG introduction, into POSCO Daewoo as well as integrate the Gwangyang LNG Terminal into POSCO Energy. Moreover, overlapping or similar businesses in construction, including design, inspection, and facility operation, will be integrated into POSCO E&C to increase synergy. The company will also install a new plant for needle coke, which is used to manufacture anodes and electrodes, at POSCO Chemtech in addition to a comprehensive research center for secondary batteries, in an effort to foster the anode and cathode material business as the group's new growth business. And the fruits of these efforts were realized on November 8, 2018. At the Sejong Hitech Industrial Complex, located in Sojeong-myeon, Sejong City, a ceremony was held to celebrate the completion of the construction of the eighth and ninth production lines at POSCO Chemtech's No. 1 anode material production plant and the beginning of the construction of the first four production lines of the No. 2 anode material production plant. Moreover, the groundwork for the construction of a cathode material production plant for POSCO EMS got underway in Gwangyang. In this way, POSCO is strengthening its technological advantage in the area of secondary battery materials as the company's new growth business for the future and focusing its efforts on building a full-scale mass production system in the sector.

In an effort to create a better future in cooperation with communities, in accordance with "Society With POSCO," the company has created a new corporate citizen committee and corporate citizen office to create social value as well as a company-university-research institute cooperation office that is in charge of creating "venture valleys" in Pohang and Gwangyang. It is also providing support for youth employment and startup camps as a means of vitalizing the local economy and creating jobs for youths. POSCO also took steps toward solving the country's low fertility problem. It decided to expand the daycare centers at its major workplaces to allow the attendance of children of not only group company employees but also partner company employees and also create "mother centers" in Pohang and Gwangyang to provide after-school care for elementary students. POSCO also decided to strengthen its mutual growth activities by applying its smart factory technologies to SMEs. Furthermore, to create a culture of fair trade, the company will require its suppliers to list any

retired POSCO executives or employees on their payroll and prevent any controversy over preferential treatment by enforcing complete competition.

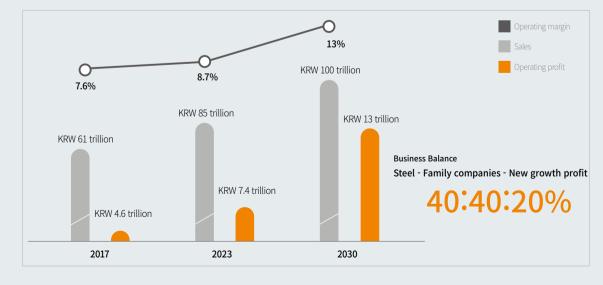
At the level of corporate culture and system (People With POSCO), POSCO decided to strengthen its on-site management. The company plans to relocate crucial organizations to Pohang and Gwangyang and introduce a technology mentoring system to encourage workers to share their knowledge of and experience with specific technologies and tasks, accumulate independently developed technologies of the company, and facilitate intergenerational communication. Moreover, POSCO will take steps to improve the treatment of its partner companies by eliminating the wage gap between it and its partners, allowing partner companies to use its welfare facilities, and creating a center to handle any complaints regarding abuse of power.

After five years of reform, POSCO declared that its management goal was to be named the No. 1 Most Admired Metals Company in Fortune magazine and be ranked 130th on Forbes' list of the World's Most Valuable Brands by 2023, motivating and inspiring its executives and employees to take action.

After announcing its reform agenda, POSCO carried out various activities to raise understanding and awareness of the company's vision and agenda. On November 9, CEO Choi Jeong-woo had a special meeting at POSTECH with Professor Song Ho Keun, who has studied POSCO's corporate culture. Their conversation was broadcast company-wide through PBN, POSCO Today, and POSCO Newsroom and was also used as educational material for POSCO Group University. POSCO also started a campaign to have its members wear the "With POSCO" badge at the group level and promoted major content related to corporate citizenship to transform the campaign into a brand of POSCO.

Now, on its 50-year anniversary, POSCO stands at a turning point from which it is visualizing its next 50 years. Under the vision of "With POSCO," the company is transforming into a corporate citizen that achieves the "best results, with everyone, without discrimination."

Future of POSCO 2030



238 POSCO's 50 Years of History Photo Book

Chapter 11. With POSCO, Marking a New Beginning for the Next 50 Years 239

01 Pursuing Future Value with Business Partners

Since Choi Jeong-woo took office as the CEO, POSCO has stepped up its pursuit of new value in cooperation with its business partners. The 30th POSCO Annual Conference on Technology, held on August 23, 2018, was a platform for discussing POSCO's future as a corporate citizen backed by the company's 50 years of steel technology development. Over two days, POSCO and its group companies and partners and experts from university research institutes attended the conference to share their vision and knowledge of new technologies in the steel industry and new business areas, as well as the company's future direction, through invitational lectures and presentations on 231 topics. The ceremony for the POSCO Technology Awards, where POSCO employees are granted the highest honor to which they can aspire at the company, was held at the conference as well, with a total of 10 technologies, including the "lithium production process technology with high cost competitiveness," receiving awards.

POSCO also formed partnerships in an effort to go beyond simple business transactions and foster growth based on its technological prowess. On September 10, CEO Choi Jeong-woo met with President Joko Widodo of Indonesia, who came to Korea on a state visit, and discussed ways of cooperating in the steel industry through Krakatau POSCO and others. On October 10, Choi visited Hyundai Heavy Industries, which is a buyer of steel plates for shipbuilding. While there, he worked to strengthen the long partnership between the two companies, which have been responsible for the national infrastructure industry.



- 01 From August 23 to 24, 2018, the 30th POSCO Annual Conference on Technology was held at POSTECH and RIST. In his opening remarks, POSCO CEO Choi Jeong-woo emphasized the role of engineers and encouraged them to discover and develop powerful growth engines that will someday rival the steel business and remain determined to launch new startups.
- 02 CEO Choi Jeong-woo had a meeting with President Joko Widodo of Indonesia, who visited Korea on September 10, 2018, and exchanged opinions regarding cooperation between the two countries steel industries as well as with POSCO Group.
- O3 CEO Choi Jeong-woo visited Hyundai Heavy Industries' Ulsan Shipyard on October 10, 2018, to meet with Vice-chairman Kwon Oh gap of Hyundai Heavy Industries Holdings and other executives and discuss ways of cooperating in various businesses.



240 POSCO's 50 Years of History Photo Book

02 Building a Corporate Culture of Trust and Creativity

Upon taking office, CEO Choi Jeong-woo took steps to create a corporate culture of trust and creativity. After the inauguration ceremony that was held at the main office in Pohang on July 27, Choi immediately paid a visit to Pohang Steelworks No. 2's blast furnace to hear about the progress being made on the smart factory project and encourage the workers there. On July 30, he visited Gwangyang Steelworks, specifically the No. 2 steel mill and 7CGL, an ultra high-strength automotive steel plant, to inspect the production lines and engage with the workers. On October 19, CEO Choi visited partner companies Youngnam Ind Co. Ltd. and PoRollTech, as well as the No. 2 wire rod mill and FINEX 3 plant. On October 26, he visited Gwangyang Steelworks' No. 4 hot rolling mill and partner company Donghoo and requested that the complaints of partner companies be resolved promptly, as a crucial aspect of the company's pursuit of its "With POSCO" vision.

Through the "CEO Trekking Talk" event, CEO Choi Jeong-woo and executives from the Pohang, Gwangyang, and Seoul offices confirmed their commitment to realizing the vision of "With POSCO" for the next 50 years of POSCO's operation. The talks were held at Danseoksan Mountain in Gyeongju on October 20, Baekunsan Mountain in Gwangyang on October 27, and Geomdansan Mountain in Hanam on November 17.









- **01** On July 27, 2018, after his inauguration ceremony, CEO Choi Jeong-woo visited the Pohang No. 2 blast furnace to greet and encourage the employees working onsite.
- 02 On July 30, 2018, CEO Choi Jeong-woo visited the Gwangyang No. 2 steel mill and 7CGL to inspect the production lines there.
- 03 On October 19, 2018, CEO Choi Jeong-woo visited Youngnam Ind Co. Ltd., and PoRollTech, two of POSCO's partner companies, to encourage and motivate the workers.
- 04 On October 26, 2018, CEO Choi Jeong-woo visited the Gwangyang No. 4 hot rolling mill and partner company Donghoo to confirm their commitment to mutual growth.
- 05 On November 17, 2018, CEO Choi Jeong-woo climbed Geomdansan Mountain in Hanam, Gyeonggi Province, with the executives of POSCO's Seoul office, as well as members of other family companies, to encourage everyone to pursue "With POSCO, We Are POSCO."



242 POSCO's 50 Years of History Photo Book

Chapter 11 With POSCO, Marking a New Beginning for the Next 50 Years 243

03 Announcing the 100 Reforms Agenda

On November 5, 2018, the 100th day since Choi became CEO, POSCO held the "With POSCO Management Reform Workshop" and announced its 100 reforms agenda. The 100 reforms were selected from over 3,300 recommendations and proposals that the company had collected from its employees as well as people inside and outside the company since July, in addition to reform ideas suggested by executives, opinions of POSRI's advising professors, and Choi's own thoughts, after discussions with company's divisions. In general, the 100 reforms were divided into three categories: business, mutual growth with communities, and corporate culture and system. Keys to the success of these reforms are: the participation of POSCO employees and executives, shareholders, clients, partner companies, and local residents across the corporate ecosystem; formation of a horizontal and cooperative culture without discrimination in the work environment or differential treatment between POSCO employees and executives, group companies, and partner companies; and creation of the excellent value through management activities conducted amid a virtuous cycle of economic value and social values.

Through his keynote speech at the Global EVI Forum on November 6 and the special meeting with Professor Song Ho Keun at POSTECH on November 9, which was broadcast through the company's internal network PBN and external media POSCO Newsroom, CEO Choi Jeong-woo broadened communication and understanding of POSCO's 100 reforms agenda.





- On November 5, 2018, the 100th day since Choi Jeongwoo took office as the CEO, POSCO held the "With POSCO Management Reform Workshop" and announced the 100 reforms agenda. The 100 reforms were selected from over 3,300 recommendations and proposals that the company had collected from its employees as well as people inside and outside the company since Choi took office as well as reform ideas suggested by executives and from Choi's own thoughts, after discussions with the divisions of the company.
- 02 At the With POSCO Management Reform Workshop, CEO Choi Jeong-woo and all executives of POSCO Group signed the Five Management Reform Pledge.



- 03 On November 9, 2018, CEO Choi Jeong-woo had a special meeting about the 100 reforms agenda with Professor Song Ho Keun from POSTECH. Their conversation was broadcast through the company's internal network PBN and external media POSCO Newsroom, thus broadening communication and understanding of POSCO's 100 reforms agenda.
- O4 On November 6, 2018, POSCO held the POSCO Global EVI Forum at the Songdo Convensia Convention Center in Incheon. CEO Choi Jeong-woo gave the keynote speech under the theme "Next 50 years with POSCO."



244 POSCO's 50 Years of History Photo Book

Chapter 11 With POSCO, Marking a New Beginning for the Next 50 Years 245

| 04 | Opening a New Chapter as a Future-oriented Company Based on Core Materials for Secondary Batteries

While leading the era of the Fourth Industrial Revolution and also aiming to become more than a steel company in the next 50 years, POSCO has focused its efforts on the secondary battery materials business as a new growth business. In August 2018, POSCO ESM began preparing 165,287 square meters of land in Gwangyang for the expansion of its cathode material production plant. By building a cathode plant with an annual production capacity of 6,000 tons by 2019 and expanding it to produce 50,000 tons by 2022, POSCO plans to establish a production system, including the Gumi plant, with an annual production capacity of 62,000 tons. This capacity is enough to produce batteries for about one million electric vehicles.

On November 8, 2018 POSCO Chemtech held a ceremony at the Sejong Hitech Industrial Complex, located in Sojeong-myeon, Sejong City, to celebrate the completion of the construction of the eighth and ninth production lines at the No. 1 anode material production plant and the beginning of the construction of the first four production lines of the No. 2 anode material production plant. With the completion of the eighth and ninth production lines at the No. 1 anode material production plant, the company's annual production capacity of anode materials has increased to 24,000 tons. Once the construction of the first four production lines of the No. 2 anode material production plant is completed, POSCO Chemtech's annual production capacity of anode materials will increase to 44,000 tons.







- 01 On November 8, 2018, POSCO Chemtech completed the construction of the eighth and ninth production lines at the No. 1 anode material production plant, marking the completion of the construction of the plant.
- 02 Interior of the No. 1 anode material production plant, which was completed in November.
- 03 On November 8, POSCO Chemtech completed the No. 1 anode material production plant and held a ceremony to mark the beginning of the construction of the No. 2 anode material production plant.
- 04 Construction at the POSCO EMS cathode material production plant in Gwangyang (top) and an aerial view of the site.



246 POSCO's 50 Years of History Photo Book

Chapter 11 With POSCO, Marking a New Beginning for the Next 50 Years 247



Next 50 Years

In celebration of the 50th anniversary of its founding, POSCO has created a new vision and established a strategy for its future advancement over the next 50 years.

With POSCO, We're the POSCO!

POSCO is now preparing to ensure its survival over the next 100 years based on its steel business, new growth businesses, and group and overseas businesses.





Steel Business

Becoming a top global steel company by strengthening the global competitiveness of its steel business

POSCO has been leading Korea's industrial development since the construction of the first integrated steelworks in Korea.

Having already established itself as one of the world's most competitive steel companies, POSCO is now strengthening its competitiveness to maintain its status over the peyt 50 years

To this end, POSCO is working to establish a smart, ecofriendly production system in the steel industry through the construction of low-carbon, low-energy smart factories and promoting the continuous advancement of its steel products through the development of Super WPs.

Through these efforts, POSCO plans to maintain its position as a leading player in the global market for the next 50 years.





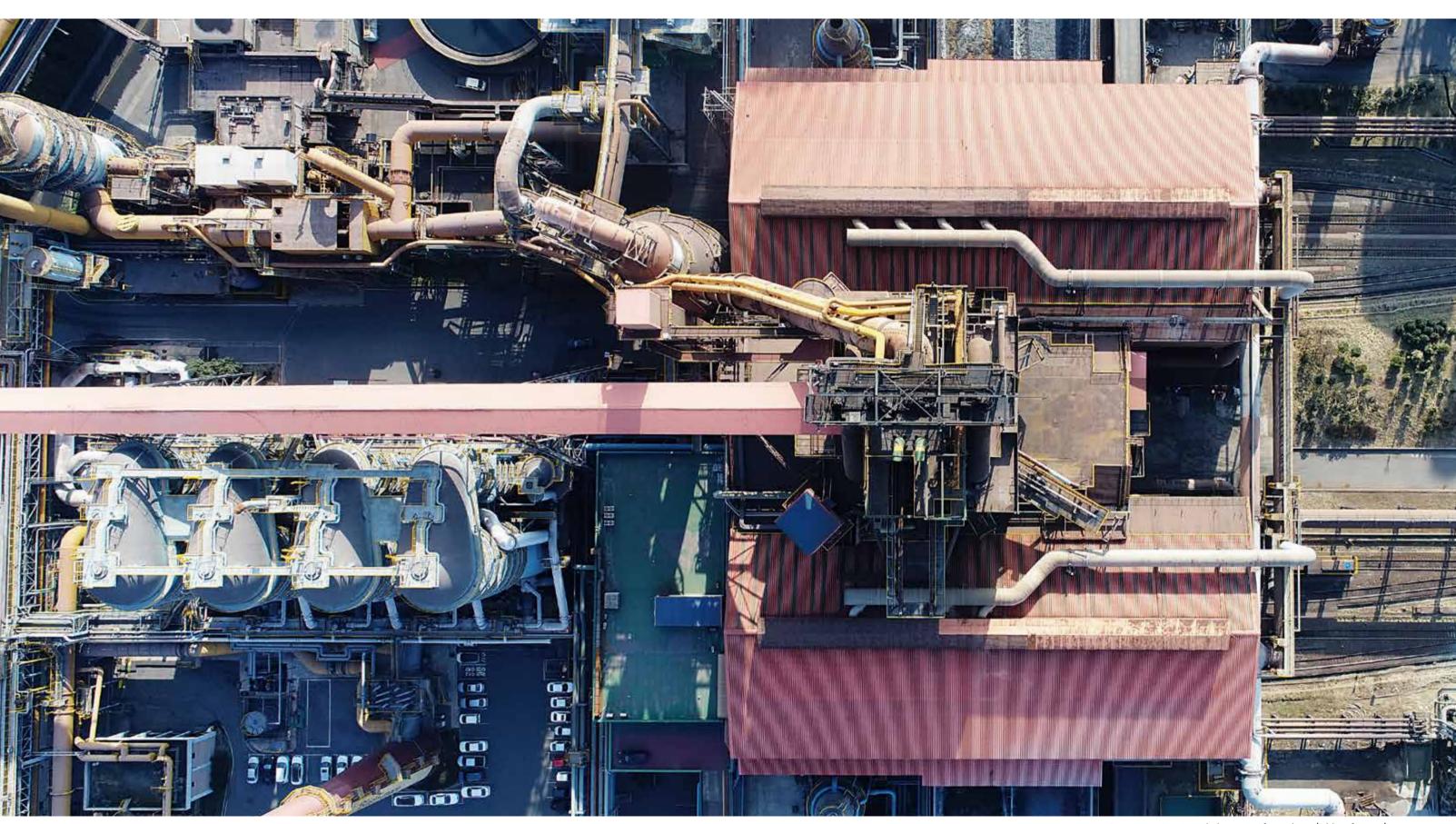
Gwangyang Steelworks



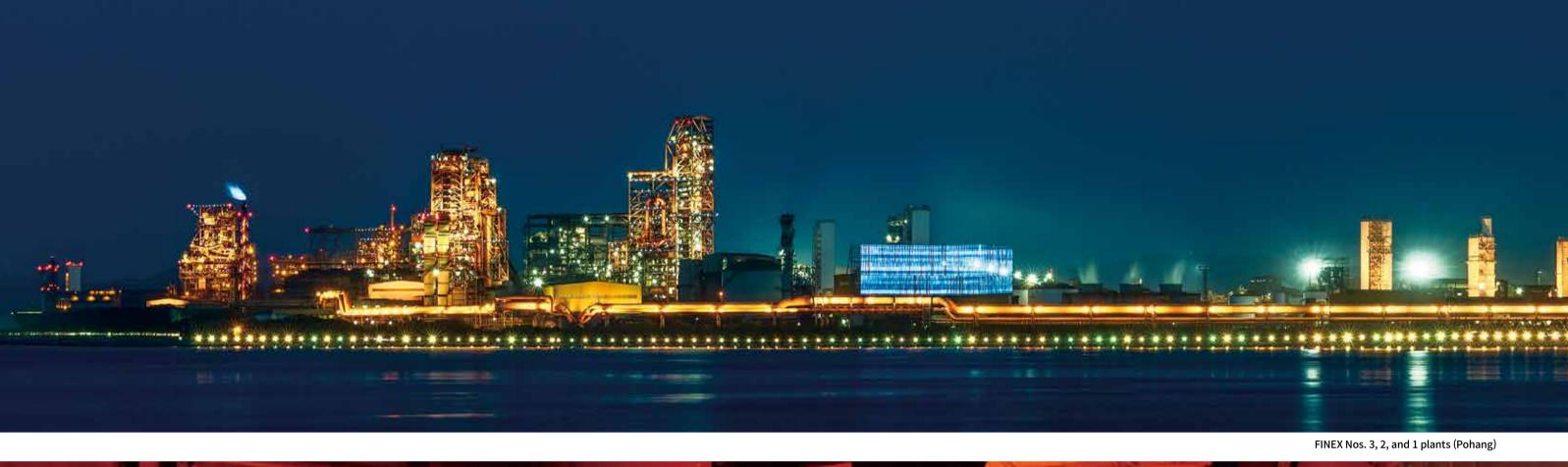
Fuel and raw materials yard (coal and iron ore), Pohang raw materials plant



Pohang No. 2 steel plant (3 blast furnaces)



Gwangyang No. 1 steel plant, seen from above (1 blast furnace)







Gwangyang No. 1 steel mill (converter inspection)











Coated steel products



Cold-rolled stainless steel products



Multicolor steel (POSCO C&C)

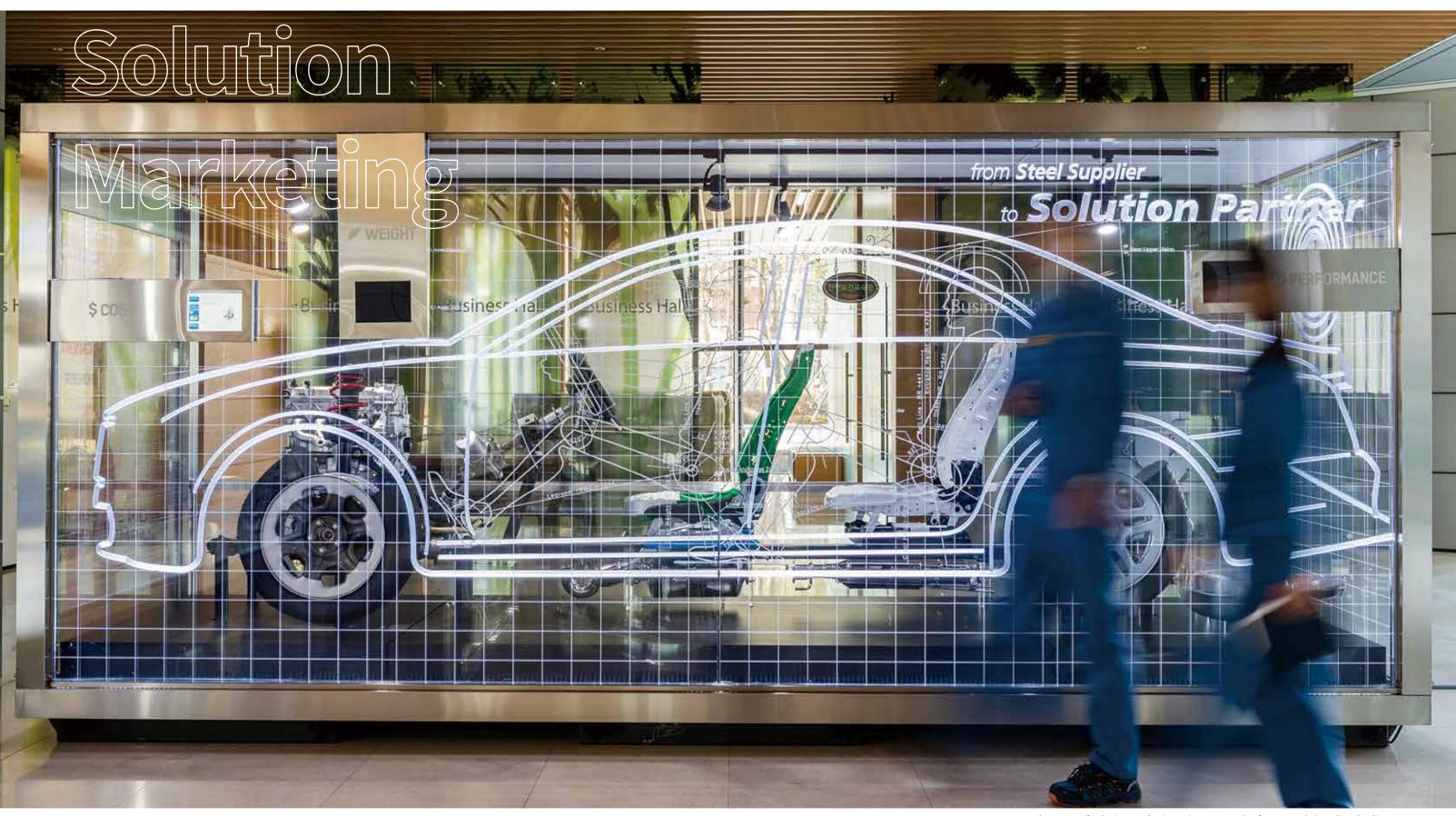


Inkjet-printed steel (POSCO C&C)



Industry-academia-research institute cooperation system (POSTECH main building and Central Fountain, seen from Nobel Garden)











Salar del Hombre Muerto, Argentina



Group Businesses

POSCO grows with its subsidiaries

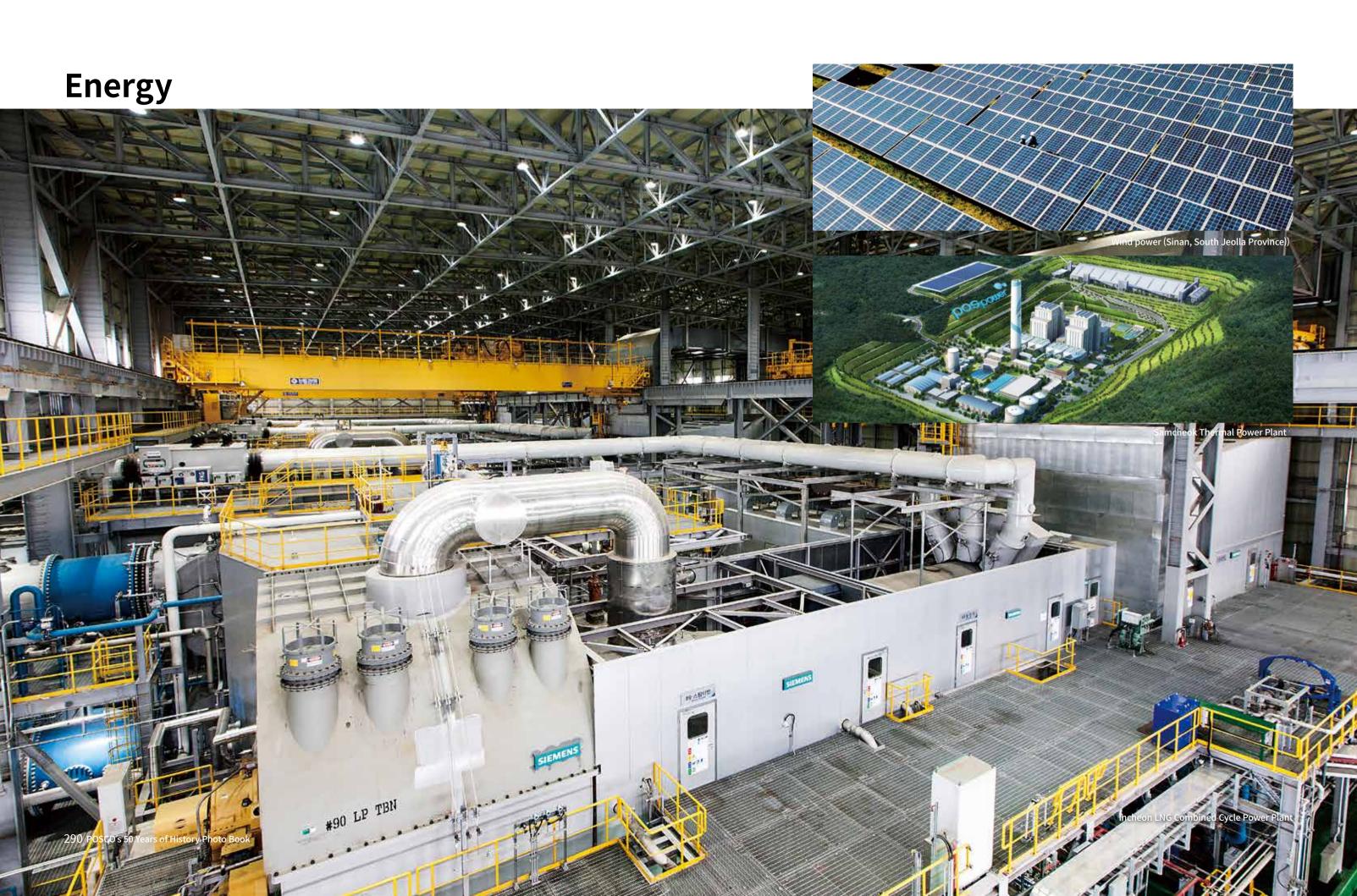
With differentiated competitiveness in not only steel but also the E&C, trading, ICT, and energy industries, POSCO is strengthening the capacity of the group by generating synergy among its subsidiary and affiliate companies.

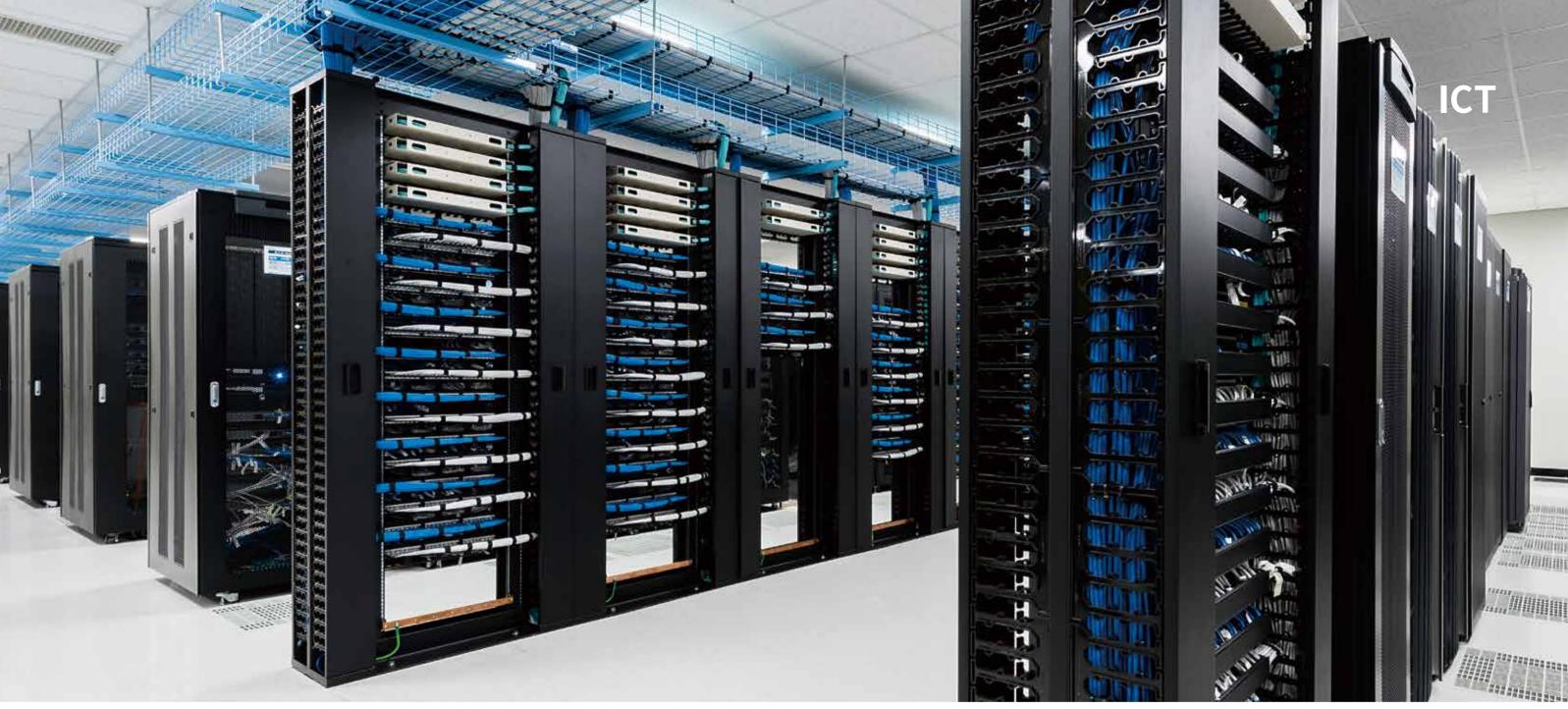
Across its broad spectrum of businesses, including steel, non-steel, manufacturing, and service businesses, POSCO plans to achieve remarkable growth and development while moving forward into the future hand-in-hand with all its subsidiaries and affiliates.











Interior of Chungju Data Center



Incheon International Airport's Smart BHS (Baggage Handling System)



Chungju Data Center



Pohang Data Center (Pohang Steelworks)



Global Businesses

POSCO is growing and developing along with the world

POSCO has grown to become one of the world's top-tier global companies by achieving success throughout India, Europe, the Americas, and Africa, after having entered Asia, including the Chinese and Vietnamese markets, in the 1990s. Since that time, it has been continuously pioneering new business areas, including raw materials, production, processing, logistics, and finance, to ensure its future competitiveness.

With unwavering spirit, POSCO aims to become the most competitive global corporation on the planet by pioneering and opening more markets all around the world.

296 POSCO's 50 Years of History Photo Book







POSCO (Guangdong) Coated Steel (Foshan)



POSCO-CSPC (Suzhou)











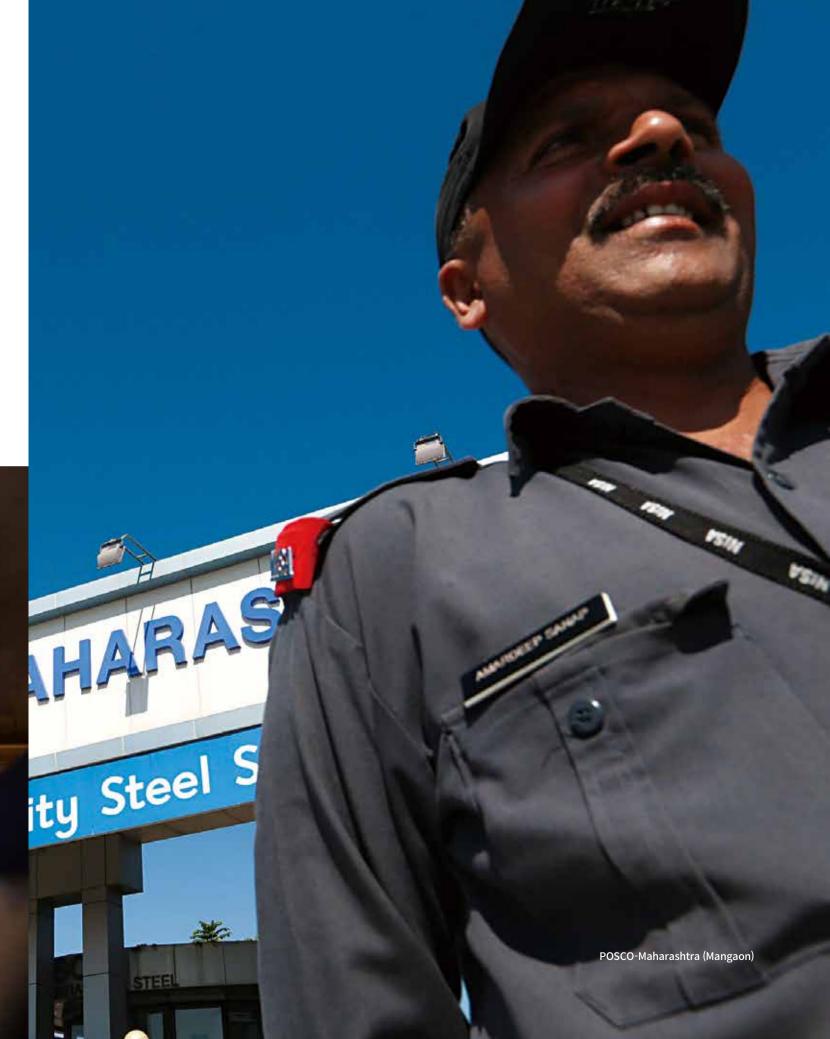


POSCO India Holdings (Delhi Processing Center)













Sustainable Management

POSCO is making a better world

POSCO defines sustainability as "achieving economic goals while fulfilling environmental and social responsibilities."

To this end, POSCO is carrying out responsible management activities based on trust with its stakeholders, creating a unique corporate culture, fostering talented individuals capable of succeeding in the new global era, and making the world a better place.

The company also engages in various global social contribution activities for the underprivileged in local communities and societies.









Marine cleanup activities (POSCO Volunteers for Clean Oceans)



Volunteer activities to repair agricultural machinery (Gwangyang Steelworks' Agricultural Machinery Repair Volunteer Corps)



Kindergarten playground repairs (POSCO ASSAN TST)

POSCO's 50 Years of History

1968 - 2018

A Photo Book

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