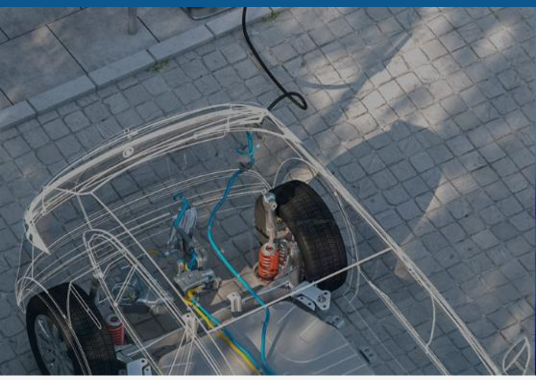
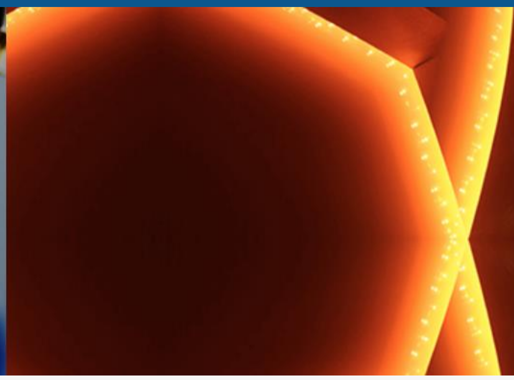
POSCO HOLDINGS

Sustainable Financing Framework





POSCO HOLDINGS

March 2025

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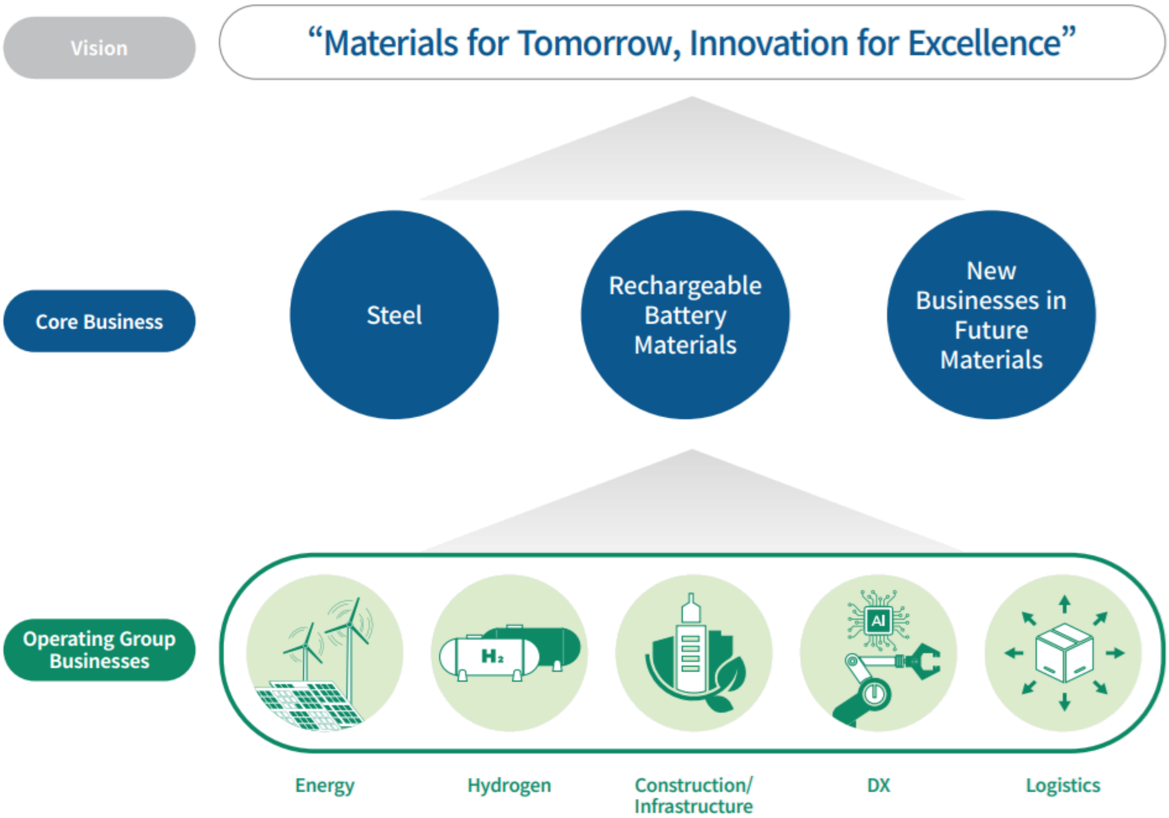
Creating Value For A Better World

1. Introduction[1]

1.1. Business Overview

POSCO Holdings was launched in March 2022 and anchored on its mission to serve as a future eco-friendly materials provider. POSCO Holdings manages POSCO Group's business portfolio and models corporate governance and environmental, social and governance (ESG) management practices. The group comprises affiliated operating companies across 7 core businesses. The largest operating company is the steelmaker POSCO, serving as the backbone of the growth of domestic industries and POSCO's business group for over 5 decades. In addition to steelmaking, POSCO Group focuses on new growth businesses such as rechargeable battery materials and hydrogen.

POSCO Group accelerates balanced growth across 7 businesses under the holding company system to emerge as a global business leader shaping a sustainable future for all.



Source: POSCO Holding's website

Steel:

Steel is an essential element of modern life. Backed by industry-leading competitiveness, POSCO Group steers the transition to low-emission steelmaking.

The steel business will continue to serve as the backbone of the growth of domestic industries, with the goal to deliver innovative products that customers desire, that optimize processes to elevate operational efficiency, and that strengthen POSCO's Holdings undisputed competitive advantage.

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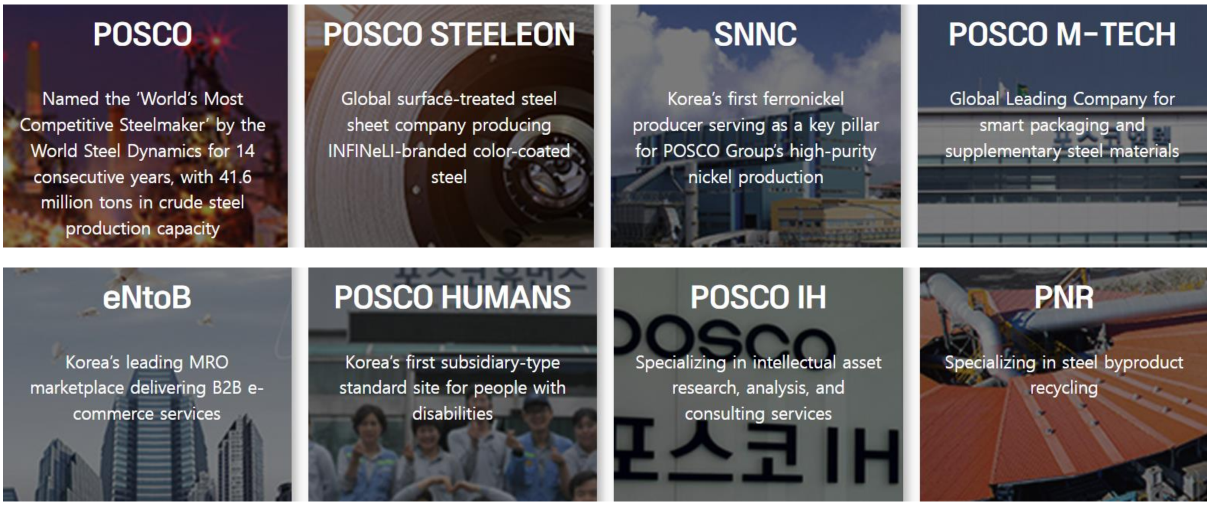
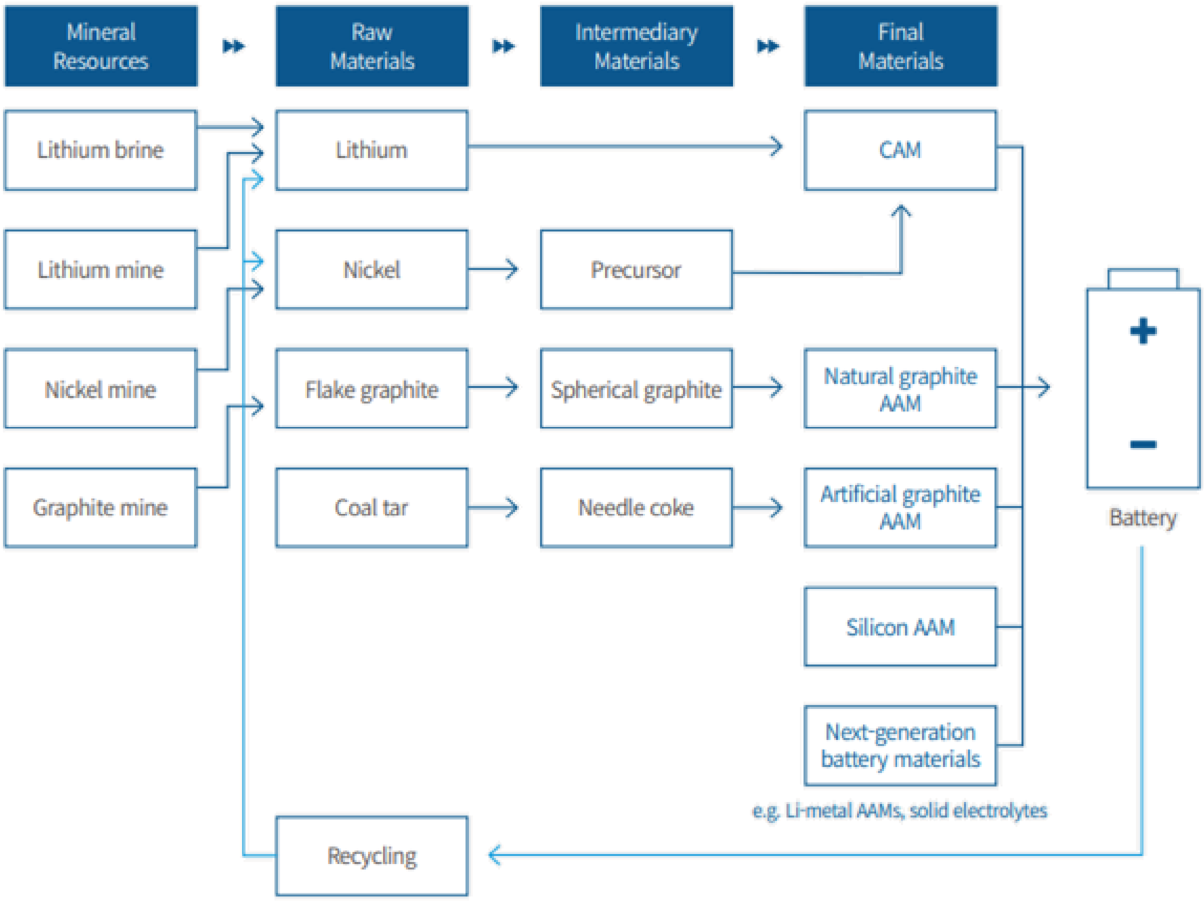
[1] Source: http://www.posco-inc.com/poscoinc/v3/eng/index.jsp



Energy materials:

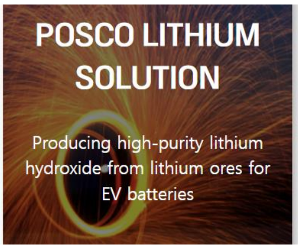
POSCO Group has built a complete rechargeable battery materials value chain. The Group is uniquely equipped to supply the world with raw inputs as well as final active materials, i.e., cathode and anode active materials (CAM, AAM). Furthermore, the Group will continue to expand the scope of its activities by harnessing the synergies generated across the Group businesses.

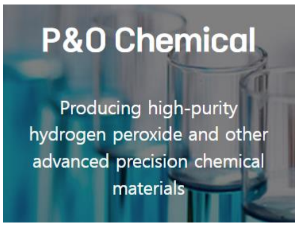
Value Chain: The Group's competitive advantage is that we own the raw and intermediate sources required to manufacture cathode-active and anode-active materials, essential components for rechargeable batteries.



Vertical Integration of Battery Materials Business: With POSCO Holdings at the helm, we have integrated mineral extraction, material production and processing vertically, with the goal to maximize synergy across POSCO Group companies.

Lithium / Nickel: To ensure reliable supply of essential battery components, e.g., lithium, nickel, we are investing in prominent assets, such as salt lakes and mining rights: The acquisition of a salt lake in Argentina and hard rock lithium in Australia have paved the way to produce lithium hydroxide in Korea from 2024.





Operating Group Businesses:

Energy: As a leader in the clean energy industry, we are building a full value chain of LNG business from gas field development to production, trading, transportation, terminal storage and combined cycle power generation.

Hydrogen: With POSCO Holdings at the helm, POSCO, POSCO International and POSCO E&C are building a full hydrogen value chain from production to transportation, storage and utilization.

Construction/Infrastructure: From eco-friendly construction to renewable energy and convergence-driven infrastructure, we challenge the limits of the industry to shape a sustainable future for all.

Digital Transformation (DX): A suite of ICT solutions combine information and operational technologies to propel Digital Transformation (DX) in steel, rechargeable battery materials, construction and energy.

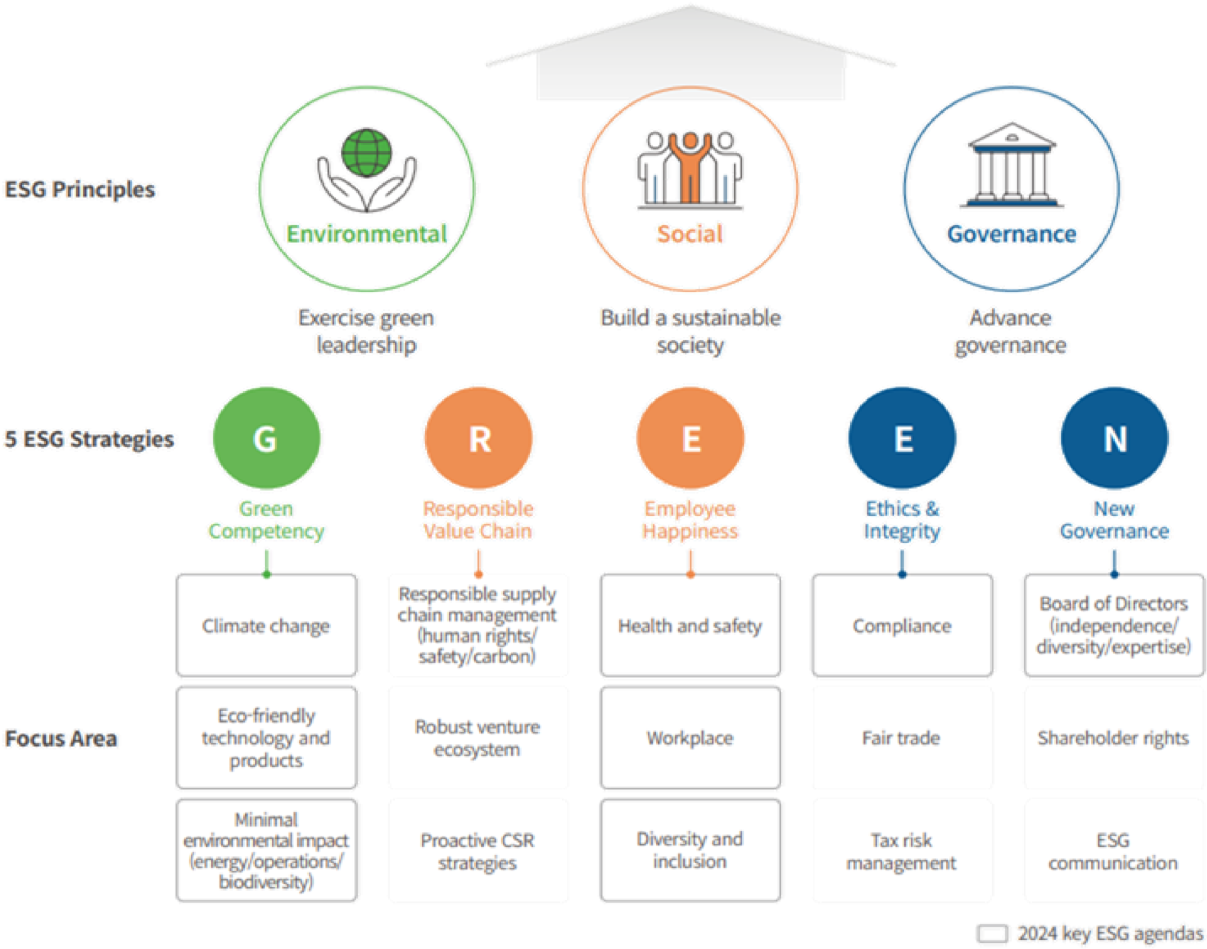
Logistics: From origin to destination, we ship, unload and store POSCO Group products, e.g., steel, rechargeable battery materials, energy, grain.

1.2. POSCO Holdings' Sustainability Goals and Strategy

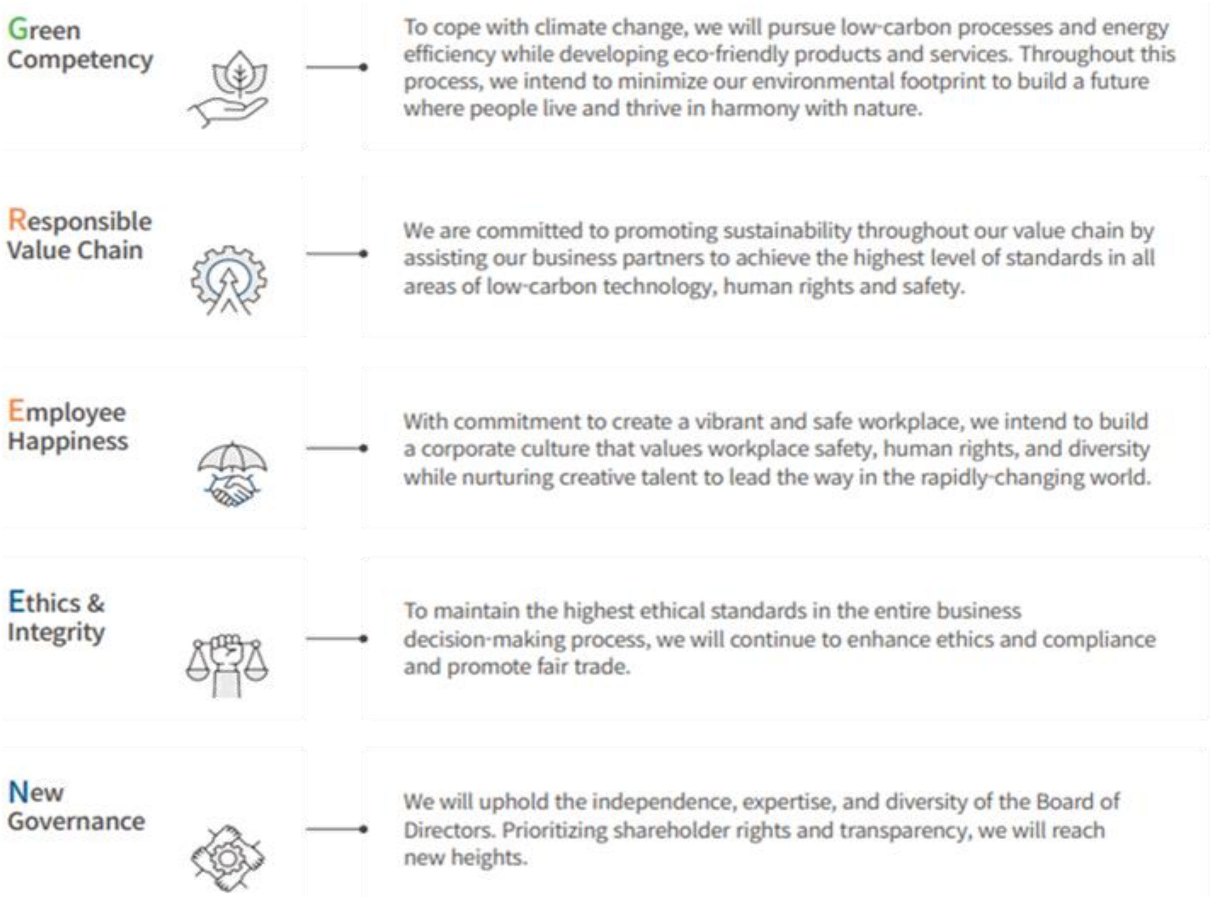
1.2.1. New Corporate Vision

Building upon the proud legacy of epoch-making achievements and restoring our predominance across the overall operations, POSCO Group will progress towards achieving our new corporate vision:

'Materials for Tomorrow, Innovation for Excellence'



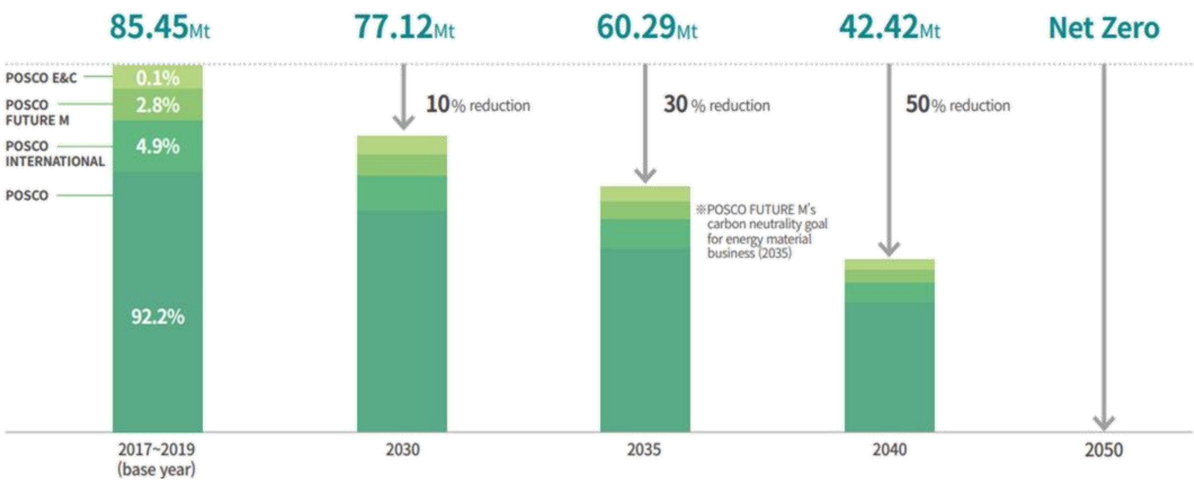
POSCO Group defines ESG management as exercising green leadership, building a sustainable society, and advancing governance. Anchored on GREEN as the keyword embodying eco-friendly future materials, we established the following five ESG strategies encompassing each of the three areas of Environment, Social, and Governance.



1.2.2. POSCO Group's Mid/long-term Carbon Emissions Reduction Plan

POSCO Group established and announced the 2050 carbon neutrality roadmap for each of our carbon-intensive domestic operations, including POSCO, POSCO INTERNATIONAL, and POSCO FUTURE M, which collectively represent 99.9% of the Group's total carbon emissions. We also strive on multiple fronts throughout our operations to reduce GHG emissions, stepping up our efforts to join in on the global initiative to fight climate change.

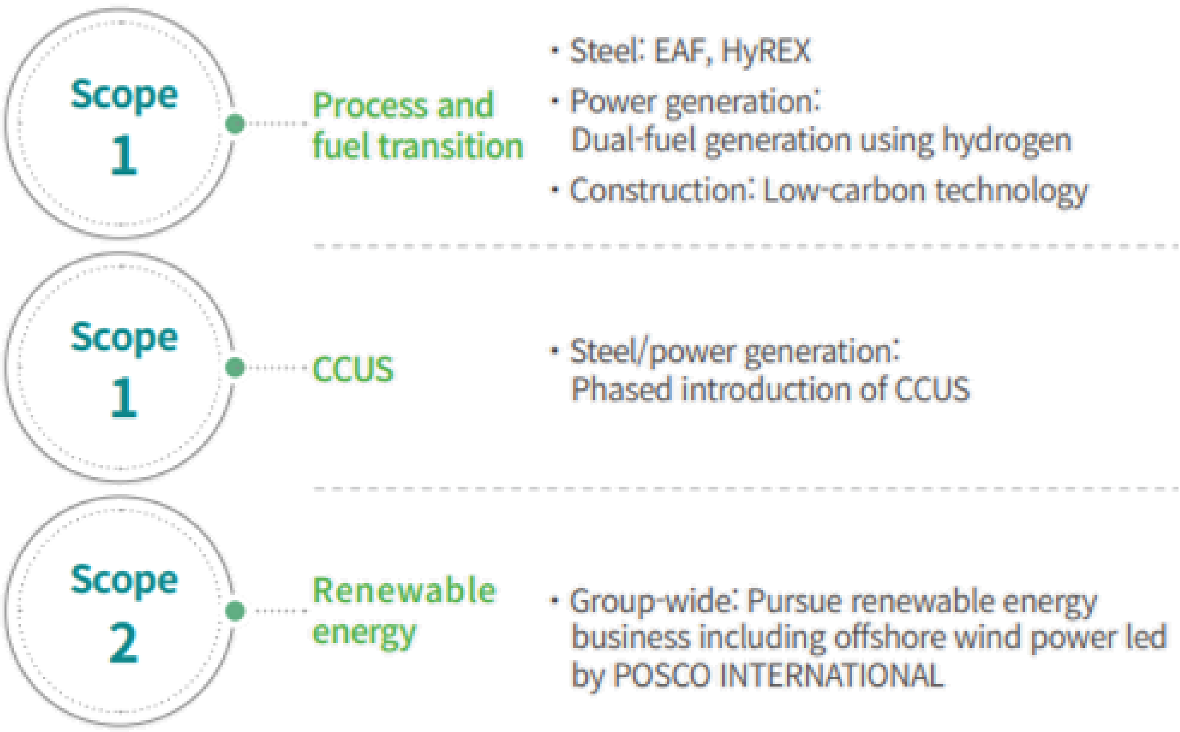
POSCO Holdings recognizes climate change both as a key risk and a strategic opportunity to position itself as a leader of eco-friendly future materials, and is working on multiple fronts to set and manage GHG emissions reduction targets, establish an organizational system, and make relevant facility investments across our overall operations.



While the operating companies that announced their carbon neutrality roadmap vary distinctively in terms of their carbon neutral goal announcement, base year, and business characteristics, we will analyze our Group-level carbon emissions reduction trajectory over the mid-to-long term (Scope 1 and 2) in line with the base year of POSCO which represents the largest proportion of our total carbon emissions (92%) and ensure the integrated management of our carbon neutrality roadmap.

To reduce Scope 1 emissions, we will focus on the process transition to hydrogen-based ironmaking (HyREX), dual-fuel power generation using hydrogen, and CCUS (Carbon Capture, Utilization, and Storage) that align with our steel and other core businesses.

As to Scope 2 emissions, we aim to expand our Group-level renewable energy business including photovoltaic and offshore/onshore wind power generation. In tandem with this, we will monitor the progress made by respective affiliates in progressing towards their carbon neutrality roadmap, and keep our integrated carbon neutrality roadmap up to date with the shifting market and technology landscape.



To achieve our vision 'Materials for Tomorrow, Innovation for Excellence', POSCO Group is joining in on the global efforts to combat the climate crisis, and is shifting into a greener business portfolio to facilitate the transition into a sustainable society.

We analysed our respective core businesses for their 2023 turnover and CapEx eligibility in terms of ratios and amounts according to the EU Taxonomy, a classification system established to clarify eco-friendly economic activities.

As of FY2023		Steel	Rechargeable Battery	Lithium
Turnover	Eligibility ratio	96.5%	67.0%	100%
	Value	KRW 37,610.4 billion	KRW 3,191.2 billion[1]	KRW 4.7 billion
Capital Expenditure	Eligibility ratio	87.5%	94.2%	100%
	Value	KRW 2,999.7 billion	KRW 1,286.5 billion	KRW 2,241.9 billion[2]

1) The total turnover of rechargeable battery business was calculated by using the turnover presented in POSCO FUTURE M's 2023 business report as denominator.
The CapEx was calculated using the value of acquired tangible/intangible assets as denominator.

2) The CapEX amount of lithium business all goes to invest in rechargeable battery manufacturing and the full value is reflected as eligible CapEx
*The eligible turnover of energy business reflects that of LNG power generation business conducted by POSCO INTERNATIONAL

1.2.3. ESG Governance and Investment Deliberation

The Group ESG Council, a C-level management consultative body composed of POSCO Group's leadership, and the Group Management Meeting attended by presidents of global operations serve to manage the carbon management status of respective key operating companies as the key agenda on a quarterly basis. Projected climate-related risks, their corresponding scenario analysis and the progress made are reported to POSCO Holdings' Board of Directors.

<u>Investment Deliberation</u>

At POSCO Holdings, it is stipulated that all investments be made in accordance with the set investment deliberation process to effectively address investment risk. Investment business is reviewed by the Investment Deliberation Committee composed of personnel from relevant departments along with the Corporate Compliance and Ethics Team, and is finalized through the deliberations and decisions made by the Investment Committee, a decision-making body presided by the CEO, and the Board of Directors. The ESG checklist is distributed for personnel at operating companies and POSCO Holdings pre-emptively review ESG impact, and review that the outcomes are aligned with the investment performance assessment.

Ongoing monitoring continues following investment approval to review overall issues as well as ESG risk. When investment is completed, performance assessments are made in line with the performance assessment plan developed for individual investment businesses. Our investment management approach ensures that expected ESG risks are incorporated into the investment business proposals submitted for each business so that such risks are reflected in performance assessment, and that ESG considerations are factored in from preliminary planning to post-investment assessment to minimize ESG risks while maximizing ESG growth opportunities in the process.

ESG Checklist for Investment Deliberation

Area	Check Items	Details
Environmental	❶ Climate change	• Has the proposal considered renewable energy conditions (e.g. RE100) in the investment destination? Is the proposal competitive in terms of renewable energy costs and carbon intensity?
	❷ Water stress	• Is the investment destination in a water-stressed area? If so, has the proposal reviewed response plans? ※Website to consult to identify water-stressed areas : Aqueduct Water Risk Atlas(wri.org)
	❸ Air, water quality, byproducts (waste)	• Does the proposal include the investment expenses to secure technology and equipment to comply with regulations of the investment destination in relation to air quality, wastewater, and byproducts (waste)?
	❹ Biodiversity	• Has the proposal identified the presence of habitats for endangered animals and plants and reviewed associated response strategies? ※Website to consult to identify protection areas : Explore the World's Protected Areas(protectedplanet.net)
Social	❶ Safety	• Are there safety issues for construction and manufacturing processes? Are there management plans established?
	❷ Raw materials	• Has the proposal reviewed ESG factors in raw material sourcing, transport and use? (e.g. child labor, LNG carrier)
	❸ Local community	• Does the proposal include any regular/open communication channels that allow for interaction with stakeholders, such as public consultations?
	❹ Human rights	• Has the proposal reviewed in advance risks associated with labor rights and diversity (e.g. child/compulsory labor)?
Governance	❶ Compliance	• Does the proposal comply with global and local anti-corruption and ethical standards? Has the proposal verified its compliance with Group's ESG policies?
	❷ Tax/disclosure	• Does this proposal abide by tax laws of the investment destination? For joint ventures, has the proposal identified which company is responsible for making consolidated ESG disclosure under the given shareholding structure?

1.2.4. Experience In Issuing Sustainable Bonds

In September 2021, POSCO Holdings successfully issued convertible green bonds worth EUR 1.1 billion. This represents the first euro-denominated convertible green bonds that we ever issued. Following the issuance of USD 500 million sustainability bonds as the first to do so among global steel makers in July 2019, we have continued to build our successful track record in issuing ESG bonds, garnering attention among numerous ESG investors.

- *How We Use Sustainable Bond Proceeds?*

POSCO Holdings is actively pursuing rechargeable battery lithium material business in step with the booming eco-friendly EV era. On the strength of our technology acquired in steel business and our relationship with global automotive customers, we aim to emerge as a key player in rechargeable battery materials such as lithium, cathode, and anode materials.

PosLX (POSCO Lithium Extraction), POSCO's proprietary lithium extraction technology, is conveniently applicable to both lithium brine and ore. To ensure reliable battery material supply, POSCO Holdings secured reliable suppliers of high-quality lithium brine (Argentina) and ore (Australia).

In 2021, we allocated EUR 216 million out of the bond proceeds to acquire a stake in the ownership of an Australian company producing lithium for battery. In 2022, EUR 473 million went to constructing a lithium brine commercialization plant in Argentina and a downstream plant in Korea, and EUR 122 million to building a lithium ore commercialization plant. In addition, EUR 103 million were spent in acquiring a stake in an all-solid-state battery and silicon anode materials maker. In 2023, the remaining proceeds were all invested in making additional investment in our lithium brine commercialization plant in Argentina.

2. POSCO Holdings Sustainable Financing Framework Overview

This updated Sustainable Financing Framework ("SFF" or the "Framework") has been developed to demonstrate how the Group and / or other subsidiaries[2] intend to enter into Sustainable Financing Transactions ("SFTs") to fund projects that will deliver environmental and/or social benefits to support POSCO Group's business strategy and vision.

Such SFTs will include bonds, loans and other forms of debt financing with structures tailored to contribute to sustainable development by using the proceeds on Eligible Green Projects and/or Eligible Social Projects, as defined in this Framework.

- With respect to bonds, bonds issued under this Framework will be aligned with the 2021 Green Bond Principles[3] ("**GBP**"), 2023 Social Bond Principles[4] ("**SBP**") and the 2021 Sustainability Bond Guidelines[5] ("**SBG**") by the International Capital Markets Association ("**ICMA**", together the "**ICMA Principles**"), or as they may subsequently be updated.
- With respect to loans, loans issued under this Framework will be aligned with the 2023 Green Loan Principles[6] ("**GLP**") and 2023 Social Loan Principles[7] ("**SLP**") including the Guidance Notes by the Loan Market Association ("**LMA**"), the Asia Pacific Loan Market Association ("**APLMA**") and the Loan Syndications and Trading Association ("**LSTA**"), or as they may subsequently be updated. Should the loan be used for projects that deliver green and social benefits, the loan will be labelled as "sustainability".
- Other SFTs may conform to other sustainable finance principles as may have been established at the time of such a financing transaction being undertaken.

This updated Framework has also been established referencing the ICMA's June 2024 **Green Enabling Projects Guidance document**[8]**.** Such Green Enabling Projects will be subject to the criteria described in *Appendix 1: ICMA's June 2024 Green Enabling Projects Guidance document*

[2] POSCO Group's entities may also refer to their own Sustainable Financing Framework whenever relevant.
[3] https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/
[4] https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/
[5] https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/
[6] https://www.lsta.org/content/green-loan-principles/
[7] https://www.lsta.org/content/social-loan-principles-slp/
[8] https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Green-Enabling-Projects-Guidance-document-June-2024.pdf

SFTs do not place restrictions on the tenor and currency, and can include other terms and conditions including covenants, to reflect the financing strategy and plans of POSCO Holdings.

The Framework governs the issuance of sustainable debt instrument by POSCO Holdings. POSCO Holdings' subsidiaries may also leverage on this framework or alternatively, refer to their own Sustainable Financing Framework whenever relevant.

Sustainable bonds/loans include:

- Green bonds/loans to finance and/or to refinance Eligible Green Projects and/or Green Enabling Projects; or
- Social bonds/loans to finance and/or to refinance Eligible Social Projects; or
- Sustainability bonds/loans to finance and/or refinance a mix of Eligible Green Projects and Eligible Social Projects.

The Framework is aligned with the four core pillars of the ICMA Principles:

1. Use of Proceeds;
2. Process for Project Evaluation and Selection;
3. Management of Proceeds;
4. Reporting.

The Framework will be in force as long as there are outstanding SFTs.

POSCO Holdings may update this Framework and commits that any new version will keep or improve the current level of transparency and reporting. POSCO Holdings commits to communicate changes with investors via its official website: http://www.posco-inc.com/poscoinc/v3/eng/index.jsp

2.1. Use of Proceeds

The net proceeds of the SFTs will be used to finance or refinance, in whole or in part, new or existing Eligible Green & Social Projects ("**Eligible Projects**"), which follow the criteria set out in the section 2.1.1 and 2.1.2 below ("**Eligibility Criteria**").

- The proceeds of a Green Bond/Loan issued under this Framework will be applied to projects that fall under the Eligible Green Project Categories set out in Section 2.1.1 below.
- The proceeds of a Social Bond/Loan issued under this Framework will be applied to projects that fall under the Eligible Social Project Categories set out in Section 2.1.2 below.
- The proceeds of a Sustainability Bond/Loan issued under this Framework will be applied to both Eligible Projects with a Green focus as set out in Section 2.1.1, and Eligible Projects with a Social focus as set out in Section 2.1.2.

Eligible Projects may include equity investments into pure-play companies, deriving at least 90% of their revenue or capital expenditures ("CAPEX") from green / eligible projects.

For operational expenditures ("OPEX"), a maximum three year look-back period before the issuance of the respective SFTs will apply.

2.1.1. Eligible Green Project Categories

The net proceeds of Green bonds/loans will be used to fund or refinance, in whole or in part, the Eligible Green Projects that meet one or more of the following categories of eligibility as recognized in the 2021 GBP and 2023 GLP:

Eligible Green Project Categories	Eligible Green Projects and Eligibility Criteria	United Nations Sustainable Development Goals ("UN SDGs")[9]	EU Taxonomy Climate Objectives
Clean Transportation	• Expenditures related to the investment, acquisition, manufacturing, distribution, maintenance and operation of **battery materials and components** for **electric and hydrogen vehicles** to support the EV market development including: - Cathodes, precursors (such as lithium hydroxide, lithium carbonate), anodes, separators, electrolytes • **Green Enabling Projects**[10]: mineral resources / raw materials for EV batteries, such as nickel, graphite and lithium brine (salt lakes) • R&D (Research and Development) for production process, sourcing, tooling and testing concepts for EV battery systems and EV battery materials	 	*Climate change mitigation;* *Pollution prevention and control*
Renewable Energy	• Projects aimed at facilitating the **generation, transmission, distribution of renewable energy**: - Wind Power; - Solar Energy Generation[11] and Solar Thermal Energy; • Expenditures related to the investment, research, development, acquisition, manufacturing, distribution, maintenance and operation of **energy storage systems** and **enabling technologies** for energy storage and optimization, such as **batteries and green hydrogen fuel cells** and other energy storage devices including electrolysers[12]		*Climate change mitigation;* *Pollution prevention and control*
Circular Economy	• Expenditures related to the investment in **battery recycling** aiming at building a closed loop of battery production, utilization, cascade utilization, recycling and resource regeneration following standards related to waste battery recycling and battery material regeneration including: - The construction and maintenance of battery recycling facilities and equipment - The recycling and reuse of valuable metals such as nickel, cobalt, manganese, and lithium from used batteries		*Climate change mitigation;* *Transition to a circular economy;* *Pollution prevention and control*

[9] The full list is provided on the UN website: https://unstats.un.org/sdgs/indicators/indicators-list/
[10] Green Enabling Projects will follow the ICMA's June 2024 Green Enabling Projects Guidance document, summarized in Appendix 1 and available here:https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Green-Enabling-Projects-Guidance-document-June-2024.pdf
[11] Including Building Integrated Photovoltaic. Generation facilities shall have no more than 15% of electricity generated from non-renewable sources as per the Climate Bonds Taxonomy: https://www.climatebonds.net/files/files/CBI_Taxonomy_Jan2021.pdf
[12] Linked to renewable energy projects

Energy Efficiency	• Expenditures related to projects that are designed to enable **energy and emissions reductions** as part of the battery manufacturing value chain such as: - The installation of energy efficient equipment and technology to increase the operational energy efficiency of facilities - Switching from equipment and materials that rely on fossil fuels (LPG, diesel, etc.) to electricity-powered alternatives *Such projects should lead to energy savings of at least 30% compared to a pre-project implementation baseline*		***Climate change mitigation;*** ***Pollution prevention and control;***
Pollution Prevention and Control	• Equipment, system that are used to **mitigate air pollution** along the battery manufacturing process. *Such projects should lead to a diminution in air pollution by at least 30% compared to a pre-project implementation baseline* • Monitoring systems to ensure **pollutants are treated properly** before discharge		***Climate change mitigation;*** ***Pollution prevention and control;*** ***Protection and restoration of biodiversity and ecosystems;***
Water and Wastewater Management	• Equipment, systems that are used to **mitigate water usage and wastewater** along the battery manufacturing process, such as water and wastewater treatment and recovery systems *Such projects should demonstrate at least a 30% improvement (in water use, wastewater or recycled water) compared to a pre-project implementation baseline*		***Sustainable use and protection of water and marine resources***

2.1.2. Eligible Social Project Categories

The net proceeds of Social bonds and loans will be used to fund or refinance, in whole or in part, the Eligible Social Projects that meet one or more of the following categories of eligibility as recognized in the 2023 SBP and 2023 SLP:

Eligible Social Project Categories	Eligible Social Projects and Eligibility Criteria	UN SDGs
Socioeconomic advancement and empowerment	• **Training or employment provided to underserved population including but not limited to:** - Disabled, youth or elderly (POSCO HUMANS) - Low-income individuals[13] - Single parents with child(ren) below 18 - Families or individuals with financial dependent(s) aged over 60 • **Support to Small and Medium Enterprises (SMEs)** defined by the Enforcement Decree of The Framework Act on Small and Medium Enterprises[14] with less than 50 employees and/or **start-up companies** established for a period of less than 7 years - Support to SMEs/start up may include providing consulting for supply chain ESG improvement, which may have both green and social co-benefits, R&D expenses support, etc. • **Support to SMEs and start-up companies** that meet the definition of Woman-Owned Enterprise set forth by the International Finance Corporation[15] or the definition of Female-Owned Business[16] set forth under Article 2 of the Enforcement Decree of the Act on Support for Female-Owned Businesses, in furtherance of the United Nations Sustainable Development Goal No. 5, "Achieve gender equality and empower all women and girls." *For avoidance of doubt, support to companies operating in the sectors listed in the Exclusionary Criteria will not be eligible*	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES

2.1.3. Exclusionary Criteria

Proceeds will not knowingly be allocated to finance projects or activities that have been assessed by POSCO Holdings as being any of the following ("**Exclusions**"):

- Child labour or forced labour
- Adult entertainment
- Weapons and military contracting
- Alcohol / alcoholic beverages
- Tobacco products

[13] Low-income individuals are determined by the Korean Ministry of Health and Welfare (MOHW) and Ministry of Education (MOE)'s classification, which is based on household income.
[14] https://www.mss.go.kr/site/smba/01/10106060000002016101111.jsp
[15] An enterprise qualifies as a woman-owned enterprise if it meets the following criteria: (A) at least 51% owned by woman/women; or (B) at least 20% owned by woman/women; and (i) has at least 1 woman as CEO, COO, President or Vice President; and (ii) has at least 30% of the board of directors composed of women, where a board exists.
[16] Article 2 (Definition of Female-Owned Business): (1) a company defined in the Commercial Act of Korea whose largest investor (meaning a person who holds the largest equity stake (in the case of a stock company, excluding non-voting stocks defined in Article 344-3 of the Commercial Act of Korea) in the company in his or her own name) is a woman registered as an executive officer with the authority to represent the company (hereinafter referred to as "chief executive officer") (including companies in which at least two women registered as chief executive officers hold the largest aggregate equity stake) or (2) a sole proprietor who has registered her business pursuant to Article 168 of the Income Tax Act of Korea or Article 8 of the Value-Added Tax Act of Korea.

- Gambling
- Fossil fuels
- Nuclear
- Conflict minerals
- Luxury sectors (precious metals wholesale or brokerage, precious minerals wholesale or brokerage, artworks and antiques wholesale or brokerage)
- Production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans.

2.2. Process for Project Evaluation and Selection

POSCO Holdings has set up a Sustainable Financing Working Group ("SFWG") to oversee its Sustainability reporting, and the SFWG will also assume the responsibility of the SFTs. The SFWG is composed of representatives from the below departments with the required level of expertise and seniority:

- Corporate Sustainability
- Treasury / Finance
- Legal
- Operations
- Corporate compliance
- Audit
- Project team (whenever relevant)

The SWFG will also refer to POSCO Holdings' investment deliberation committee and ESG committee whenever applicable.

The SFWG will be held at least once every 12 months to review and select eligible projects according to the criteria outlined in Sections 2.1.1 and 2.1.2 mentioned above. The shortlisted projects will be presented to the Board of Directors for approval.

The SFWG will ensure that the selected Eligible Projects comply not only with the Use of Proceeds but also the environmental and social guidelines under the Green Bond/Loan Principles and Social Bond/Loan Principles which are applicable to POSCO Holdings, as well as with POSCO Holdings' ESG Policy, which offers risk management tools to mitigate related ESG risks. Projects will be selected with the United Nations Sustainable Development Goals in mind and guided by POSCO Holdings' risk management and internal control systems and policies.

During the life of the SFTs, if a project cease to fulfil the Eligibility Criteria as defined in Section 2.1, the net proceeds will be re-allocated to replacement projects that comply with the Eligibility Criteria as defined in Section 2.1, as soon as reasonably practicable.

2.3. Management of Proceeds

The treasury team will manage the net proceeds from each SFT issued and the proceeds of each SFT will be deposited in the general funding accounts. An amount equalling the net proceeds from each SFT will be earmarked for allocation to Eligible Projects, in accordance with the POSCO Holdings' Sustainable Financing Framework.

A register will be maintained to keep track of the use of proceeds for each SFT. The register will contain the following information including:

2.3.1. Type of Funding Transaction

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

2.3.2. Allocation of Use of Proceeds

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

- Information regarding temporary investments for unallocated proceeds

POSCO Holdings is committed to allocating all proceeds from the SFTs to Eligible Projects on a best effort basis within two years of the SFT issuance in accordance with the evaluation and selection process set out above.

Proceeds yet to be allocated towards Eligible Projects may be managed in line with POSCO Holdings' liquidity management policy, including investing the unallocated proceeds in cash or cash equivalents, as well as short term deposits and money market funds. Pending allocation, proceeds will not be invested in any controversial projects, or projects from the exclusion list.

2.4. Reporting

POSCO Holdings will provide information on the allocation of the net proceeds and associated impact metrics of its SFTs in POSCO Holdings' allocation and impact reports and / or website. Such information will be provided on an annual basis until the proceeds of such SFT is fully allocated, or thereafter if there are material changes in terms of allocation and/or impact. POSCO Holdings may consolidate information of the relevant unallocated SFT(s) into one single report.

Post issuance, as recommended by the ICMA Principles, an external auditor or another third party may be engaged, to verify the internal tracking and the allocation/environmental impact of Eligible Green/Social Projects funded by SFTs.
The published reports will contain at least the following details:

2.4.1. Allocation Reporting

POSCO Holdings will provide the following information for the net proceeds of all the unallocated SFTs during the period:

- Confirmation that Eligible Projects included in the Portfolio comply with the Framework
- Total amount of Eligible Projects
- List of Green, Social and Sustainability bonds issued with their outstanding amount
- Breakdown of Eligible Projects by Eligible Category
- Amount of unallocated proceeds and type of temporary investment
- Share of proceeds use for financing vs. refinancing purposes, and
- Where feasible, illustrative examples or case studies describing Eligible Projects to which SFT net proceeds have been allocated (subject to confidentiality disclosures)
- For Green Enabling Projects, a rationale following the guidance of the ICMA's June 2024 Green Enabling Projects Guidance document

2.4.2. Impact Reporting

Where possible, the environmental and social impacts associated with the Eligible Projects funded with the net proceeds of the SFT(s) will be reported.

On a best effort basis and subject to data availability, the impact reporting may include, but is not limited to, the impact metrics as outlined in the table below:

Eligible Categories	Impact Indicators[17]
Eligible Green Project Categories	
Clean Transportation	• Number of batteries produced for electric vehicles or low emission transports • GHG emissions avoided per year with a Green Enabling Project, compared to a non-green alternative or baseline scenario (tCO_2e) • Energy efficiency improvements in the battery manufacturing process through eligible R&D projects
Renewable Energy	• Total renewable Capacity (in MW) • Energy generated per year (MWh) • GHG emissions avoided per year, reported in tonnes CO_2-quivalent (tCO_2e)
Circular Economy	• The % increase in materials, components and products that are reusable, recyclable as a result of the project and/or in absolute amount (tonnes) • The increased proportion of circular materials produced as a % of the total material production of the project (%) • Increase in products or parts derived from redundant products or components in valorised amount, in % of the total product portfolio, and/or in absolute amount (tonnes) • Waste diverted from landfill per year (tonnes)
Energy Efficiency	• Energy savings per year (MWh) • GHG emissions avoided per year (tCO2e)
Pollution Prevention and Control	• GHG emissions or pollutants reduced/avoided per year(tCO_2eq)
Water and Wastewater Management	• Amount of water/wastewater purified or reused (litres) and % reduction • Wastewater treated per year (litres)
Eligible Social Project Categories	
Socioeconomic advancement and empowerment	• Number of startups / SMEs supported • Number of beneficiaries, by category • Jobs created, supported, and/or retained

Transparency is of particular importance in communicating the expected and/or achieved impact of projects. Qualitative performance indicators will be used and, where feasible, quantitative performance measures, disclosing the key underlying methodology and/or assumptions used in the quantitative determination.

3. External Review

3.1. Pre-Issuance

POSCO Holdings has engaged Moody's Ratings to provide a Second Party Opinion ("SPO") on its Sustainable Financing Framework. The SPO, together with the Framework will be available on the company website.

3.2. Post-Issuance

An independent third party may be engaged to review and verify the internal tracking and allocation of funds from the SFTs to Eligible Projects, as well as the estimated/actual impact of Eligible Projects that are disclosed in the SFT Annual Reporting.

[17] Appropriate environmental and social impact indicators will be determined in reference to frameworks and resources published by ICMA, such as the Harmonized Framework for Impact Reporting June 2024: https://www.icmagroup.org/sustainable-finance/impact-reporting/green-projects/

POSCO HOLDINGS

Appendix

Appendix 1: ICMA's June 2024 Green Enabling Projects Guidance document[18]

Should Green Enabling Projects be contemplated, POSCO Holding's will be leveraging on the ICMA's June 2024 Green Enabling Projects Guidance document.

1- Specific criteria for eligible Green Enabling Projects

Green Enabling Projects are subject to all the criteria described below:

Summary	Specific Criteria
Necessary for an enabled Green Project's value chain	A Green Enabling Project is necessary for an enabled Green Project's value chain to be developed and/or implemented. The enabled Green Project, which covers both investments and activities, is one that delivers a clear environmental benefit, as described in the Green Bond Principles. A Green Enabling Project is a necessary component of an enabled Green Project's value chain, but it is not necessarily a conveyor of a direct positive environmental impact on its own. A Green Enabling Project's positioning in an enabled Green Project's value chain, should be clearly identified and/or contextualised. In all cases, a Green Enabling Project should remain a necessary component of enabled Green Projects in net-zero scenarios and medium to long-term transition plans. Therefore, as net zero scenarios are frequently updated, Green Enabling Projects and/or enabled Green Projects may change over time.
No carbon lock-in	Green Enabling Projects should not lead to locking-in high GHG emitting activities relative to other technologically feasible and/or commercially viable solutions, including at the level of an enabled Green Project. Carbon lock-in typically occurs when high-emission infrastructure or assets continue to be used, despite the possibility of substituting them with low-emission/low-carbon alternatives. However, there is no single definition of carbon lock-in, as it can depend on the local context. Therefore, transition to net-zero scenarios, and in particular transitioning away from fossil fuels should be considered in light of national, regional and/or sectoral transition plans (e.g. Nationally Determined Contributions and related guidelines, taxonomies, sectoral decarbonisation approaches, etc).
Clear, quantifiable and attributable environmental benefit	The Green Enabling Project must provide a clear, quantifiable, and attributable environmental benefit, either based on actual impacts or estimates of the potential outcome of enabled Green Project(s) and assessed on the basis of a life cycle analysis type approach clearly outlining assumptions (e.g. on GHG emissions, water use, waste, etc.) of the enabled Green Project(s) compared to a non-green alternative or baseline scenario. Transparency is of particular value in communicating the expected and/or achieved impact of projects. In addition to qualitative performance indicators, where feasible, the use of quantitative performance indicators demonstrating the positive environmental impact on the enabled Green Project, such as avoided emissions, is also recommended with disclosure of the key underlying methodology and/or assumptions used in the quantitative determination, including the attribution factors. It is recommended that the Green Enabling Project is mapped to one or more eligible Green Project categories as listed in the GBP, noting these categories are not exhaustive.

[18] https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Green-Enabling-Projects-Guidance-document-June-2024.pdf

Mitigated adverse social or environmental impacts	Green Enabling Projects should demonstrate that they are appropriately managing identified environmental and social impacts and risks. Issuers should ensure that there are no material adverse social impacts as a result of the Green Enabling Projects themselves, in line with official or market-based taxonomies and standards. Similarly, issuers should ensure that Green Enabling Projects are not significantly detrimental to other environmental objectives. Issuers should transparently outline the processes by which they identify and manage perceived environmental and social risks, as well as the minimum standards and governance structures that are in place to mitigate negative impacts. Issuers should also transparently outline the material impacts related to their underlying Green Enabling Projects. This includes at least one of the following elements: - Alignment with relevant taxonomies - Alignment with sectoral decarbonization technology roadmaps - Benchmarking against best available techniques and technologies - Benchmarking against industry standards - Relative performance versus comparable peers - Improvement against own historical performance This will be an integral component of the eligibility criteria that will allow investors to make an informed decision on the overall merits of the activity.

2- Transparency on end-use

Typically, a Green Enabling Project has multiple potential end-uses that are not limited to enabled Green Projects only. Regardless of the level of the traceability to an intended specific end-user in an enabled Green Project, the environmental benefits should be demonstrated.

This demonstration can be based on either how the Green Enabling Project is currently used or how it can lead to a ramp up in developing enabled Green Projects over time with clear reference to timelines.

Where relevant, the issuer may decide to count the Green Enabling Project in full towards a Green Bond, or to use a pro-rata approach dependent on end-use (either known or estimated). In any case, the chosen approach must be clearly outlined to investors.

The following scenarios can be considered:

1- Where the **end-user is known** and largely traceable, then the share of the activity servicing the enabled Green Project end-use, should be disclosed.

2- Where the **end-user is not known** robust and quantifiable external assumptions (including proxies) can be utilised to demonstrate its role in the development of enabled Green Projects or their market segment. For example, based on an activity's technical specificities, current and future global uses, and/or market share (as supported by reputable third-party market data), a link can be made to the likely uptake in enabled Green Projects. External assumptions should also be monitored and adjusted for integrity and robustness during the life of the bond. Under these conditions, a project can be deemed Green Enabling, based on further disclosure and contextualisation from issuers in the issuance documents and as part of their green bond annual report. This information should continue to be updated and reported during the life of the bond.