

SOMO, BOTH ENDS, ABP and APG: PUBLIC JOINT STATEMENT
March 6, 2013

1. The Parties; SOMO, Both Ends, ABP and APG on behalf of its clients including ABP (APG acting on behalf of its clients hereinafter referred to as APG) have agreed on a Terms of Reference for their dialogue as part of the Dutch NCP process, dated 12 February 2013 (Attachment 1). The aim of this dialogue has been:
 - to come to an agreement between Parties about appropriate steps to be taken by APG, in cooperation with other (minority) shareholders, to identify, prevent, or mitigate any potential negative impacts of the investment plans of POSCO in Odisha on local communities and the environment. This process aims to further effectuate APG's ongoing efforts to use its leverage to influence POSCO to strengthen its engagement with all stakeholders and accommodate their concerns in its plans to ensure that POSCO's operations are in line with internationally recognized standards and principles, as reflected in the OECD Guidelines for Multinational Enterprises;
 - to agree a draft Terms of Reference for an authoritative, independent review and assessment of contentious issues in Odisha, referred to in the Initial Assessment by the Dutch NCP dated 18 January 2013 (Attachment 2), which should facilitate a constructive and meaningful dialogue among all stakeholders; such a review and assessment could be jointly facilitated by the Netherlands', the South Korean and Norwegian NCPs.

2. APG expects of its portfolio companies to operate in line with the OECD Guidelines for Multinational Enterprises.¹
 - APG observes that the application of the OECD Guidelines to financial institutions needs further clarification, which is reflected in the current initiative of the OECD that aims to clarify the scope of the OECD Guidelines for the financial sector. Whilst the Guidelines refer to the term business relationship as a concept, this term is not yet specifically defined for various types of financial relationships, products or services in the text of the OECD Guidelines.²
 - Currently there is no consensus about the degree of leverage and responsibility that comes with different forms of (minority) shareholding and other investment

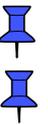
¹ ABP's Responsible Investment Policy states: "ABP expects companies to comply with the standards stated in the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the OECD Principles of Corporate Governance and the International Corporate Governance Network Statement on Global Corporate Governance Principles. We will use our position as a shareholder to exert influence on companies that do not sufficiently comply with these standards. We will dispose of our investments in companies that persistently fail to improve their compliance."

APG Responsible Investment Policy states: "APG expects companies to act with respect for the principles of the UN Global Compact, and we will sell the shares we hold if the dialogue does not lead to improvement."

² The Guidelines state that "*Enterprises should (...) seek to prevent or mitigate an adverse impact where they have not contributed to that impact, when the impact is nevertheless directly linked to their operations, products or services by a business relationship*". (chapter II, article 12) Further, the Guidelines refer to business partners [Chapter IV, article 43] where it is stated that "*the term business relationship includes relationships with business partners, entities in the supply chain and any other non-state or state entities directly linked to its business operations, products or services*".

relationships. APG's commitment to exercise its influence over POSCO therefore does not mean a similar degree of influence can be assumed for all its types of holdings, and will be assessed on a case-by-case basis.

- APG is committed to continue to use its influence bringing POSCO's business practices in line with international principles and standards, under the expectation that POSCO publicly agrees to adopt these standards for all its operations including those in India and publicly reports on their implementation.
 - This engagement is focused on: establishing a meaningful stakeholder consultation process in India; to identify, prevent and mitigate any negative impacts related to POSCO's operations and investments in Odisha; and to ensure that effective local grievance procedures are developed.
 - APG has expressed a desire to further collaborate with international NGOs, the relevant NCPs and other investors to address the issues mentioned in this Specific Instance and other issues of concern;
3. To conclude the dialogue after two Dialogue sessions on 12 February and 28 February 2013, moderated by the Dutch NCP, Parties agree that:
- There is a gap between on the one hand the issues raised by the complainants in the Specific Instance (Attachment 3) and their subsequent submissions, and on the other hand the various responses of POSCO (Attachment 4);
 - There is a gap between the public statements and information from POSCO and the reports from local stakeholders and media regarding the active involvement of POSCO in the land acquisition by the local authorities.
 - Parties are concerned about the occurrence of recent forced land acquisitions and police violence.
 - There is a need from the beginning of the project development for the establishment of a constructive and meaningful stakeholder consultation process between POSCO India the local communities and NGOs to identify, prevent and mitigate any negative impact related to the project;
 - For a successful dialogue it is essential that all parties have access to the information about all of POSCO's proposed investment plans in Odisha and their timeframes, covering its plans for the development of a steel plant, all its mining plans in the State as well as all infrastructural works required for the feasibility of the overall investment.
 - that the absence of a fruitful dialogue and trust provide regrettable breeding grounds for further conflicts surrounding the land acquisition and other aspects of POSCO's investment plans;
4. Parties agree that an Independent Review and Assessment could help to facilitate a fruitful, multi-stakeholder consultation process to take place between POSCO, the local communities and the local, national and international NGO's with the aim to identify, prevent and mitigate any adverse impacts.
5. Therefore the parties call on the NCPs of the Netherlands, Norway and South Korea to jointly commission and in consultation with the Indian authorities an International Review & Assessment Mission to identify and overcome the obstacles for such a stakeholder consultation process and to recommend feasible steps for all relevant stakeholders -including (minority) shareholders in POSCO- to resolve the current issues and conflicts;



6. The parties agree on the following draft terms of reference for such Review & Assessment Mission:
 - a mission of independent, authoritative members to prepare a high level assessment of the social, environmental and human rights aspects of all proposed POSCO investments in Odisha;
 - to assess how meaningful ongoing stakeholder engagement can be set up, in which the right to free, prior and informed consent is assured, including compliance with rights of indigenous people and forest dwellers, as defined by the UN Declaration on the Rights of Indigenous Peoples (DRIP),
 - the Mission to be acting under the authority of the NCPs of the Netherlands, Norway, South Korea; at least one member must be from India or of Indian origin with a sound understanding of the local situation and context.
 - The findings of the Mission will be made public;
7. Parties agree to continue their dialogue to seek ways to prevent or mitigate adverse impacts from POSCOs proposed investments in Odisha.