



## Exporter Questionnaire

# posco

## REPUBLIC OF KOREA, TAIWAN

**Case number:** 558

**Product:** Aluminium zinc coated steel (of a width equal to or greater than 600 millimetres)

**From:** Republic of Korea and Taiwan

**Investigation period:** 1 April 2019 to 31 March 2020

**Response due by:** Thursday 6 August 2020

**Extended to 31 August 2020**

**Return completed questionnaire to:** [investigations4@adcommission.gov.au](mailto:investigations4@adcommission.gov.au)

**Anti-Dumping Commission website:** [www.adcommission.gov.au](http://www.adcommission.gov.au)

## TABLE OF CONTENTS

<b>TABLE OF CONTENTS</b> .....	<b>2</b>
<b>INSTRUCTIONS</b> .....	<b>3</b>
<b>CHECKLIST</b> .....	<b>7</b>
<b>GOODS UNDER CONSIDERATION</b> .....	<b>9</b>
<b>SECTION A COMPANY INFORMATION</b> .....	<b>14</b>
A-1    COMPANY REPRESENTATIVE AND LOCATION .....	14
A-2    COMPANY INFORMATION .....	14
A-3    GENERAL ACCOUNTING INFORMATION .....	16
A-4    FINANCIAL DOCUMENTS.....	17
<b>SECTION B EXPORT SALES TO AUSTRALIA</b> .....	<b>20</b>
B-1    AUSTRALIAN EXPORT SALES PROCESS.....	20
B-2    AUSTRALIAN SALES LISTING.....	21
B-3    SAMPLE EXPORT DOCUMENTS .....	22
B-4    RECONCILIATION OF SALES TO FINANCIAL ACCOUNTS .....	23
B-5    RECONCILIATION OF DIRECT SELLING EXPENSES TO FINANCIAL ACCOUNTS.....	23
B-6    HISTORICAL EXPORT SALES LISTING.....	24
<b>SECTION C EXPORTED GOODS &amp; LIKE GOODS</b> .....	<b>25</b>
C-1    MODELS EXPORTED TO AUSTRALIA .....	25
C-2    MODELS SOLD IN THE DOMESTIC MARKET.....	25
C-3    INTERNAL PRODUCT CODES.....	26
<b>SECTION D DOMESTIC SALES</b> .....	<b>27</b>
D-1    DOMESTIC SALES PROCESS.....	27
D-2    DOMESTIC SALES LISTING .....	28
D-3    SAMPLE DOMESTIC SALES DOCUMENTS .....	29
D-4    RECONCILIATION OF SALES TO FINANCIAL ACCOUNTS .....	29
<b>SECTION E DUE ALLOWANCE</b> .....	<b>31</b>
E-1    CREDIT EXPENSE .....	31
E-2    PACKAGING .....	32
E-3    DELIVERY.....	32
E-4    OTHER DIRECT SELLING EXPENSES .....	33
E-5    OTHER ADJUSTMENT CLAIMS .....	34
<b>SECTION F THIRD COUNTRY SALES</b> .....	<b>36</b>
F-1    THIRD COUNTRY SALES PROCESS .....	36
F-2    THIRD COUNTRY SALES LISTING .....	36
F-3    DIFFERENCES IN SALES TO THIRD COUNTRIES .....	37
<b>SECTION G COST TO MAKE AND SELL</b> .....	<b>38</b>
G-1.    PRODUCTION PROCESS .....	38
G-2.    COST ACCOUNTING PRACTICES.....	39
G-3    COST TO MAKE ON DOMESTIC MARKET .....	43
G-4    SELLING, GENERAL & ADMINISTRATION EXPENSES .....	44
G-5    COST TO MAKE THE GOODS EXPORTED TO AUSTRALIA.....	44
G-6    COST ALLOCATION METHOD .....	45
G-7    MAJOR RAW MATERIAL COSTS .....	45
G-8    RECONCILIATION OF COST TO MAKE TO AUDITED FINANCIAL STATEMENTS.....	47
G-9    CAPACITY UTILISATION .....	47
<b>EXPORTER'S DECLARATION</b> .....	<b>48</b>

## INSTRUCTIONS

### Why you have been asked to fill out this questionnaire?

The Anti-Dumping Commission (the Commission) is conducting an investigation into aluminium zinc coated steel (of a width equal to or greater than 600 millimetres) (the goods) exported to Australia from the millimetres Republic of Korea (Korea), Taiwan and the Socialist Republic of Vietnam (Vietnam).

This questionnaire is only for exporters from Korea and Taiwan. Another exporter questionnaire is available for exporters from Vietnam.

The Commission will use the information you provide to determine normal values and export prices over the investigation period (the period). This information will determine whether the goods are dumped.

### If you do not manufacture the goods

If you play a role in the export of the goods but do not produce or manufacture the goods (for example, you are a trading company, broker, or vendor dealing in the goods), it is important that you forward a copy of this questionnaire to the relevant manufacturers and inform the Commission of the contact details for these manufacturers **immediately**.

The Commission will still require your company to complete this exporter questionnaire except Section G – Cost to make and sell.

### What happens if you do not respond to this questionnaire?

You do not have to complete the questionnaire. However, if you do not respond, do not provide all of the information sought, do not provide information within a reasonable time period, or do not allow the Commission to verify the information, we may deem your company to be an uncooperative exporter. In that case the Commission must determine a dumping margin and a subsidy margin having regard to all relevant information.

Therefore, it is in your interest to provide a complete and accurate response to this exporter questionnaire, capable of verification.

### Extension requests

If you require a longer period to complete your response to this exporter questionnaire, you must submit a request to the Commission, in writing, for an extension to the due date for all or part of the questionnaire. This request must be made prior to the due date. A request for extension will be rejected if received after the due date.

When considering the extension request, the Commission will have regard to:

- the Commission's responsibility to conduct the case in a timely and efficient manner;
- the reasons why you could not provide a response within the whole period and not only the period remaining between the request and the due date;
- ordinary business practices or commercial principles;
- the Commission's understanding of the relevant industry;
- previous correspondence and previous dealings with your company; and
- information provided by other interested parties.

More information on extensions can be found in the Customs (Extension of Time and Non-cooperation) Direction 2015 at <https://www.legislation.gov.au/Details/F2015L01736>.

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You will be informed of the decision whether your request for an extension has been rejected, granted in full or granted in part. For example, you may be granted an extension to submit all sections except for Section A or you may be granted a shorter extension than you requested.

A summary of any requests and grants of extensions to submit a response to this exporter questionnaire will be published in the public record.

### **Submitting a response to the exporter questionnaire**

Responses to the exporter questionnaire should be lodged by email listed on the cover page. In submitting the response to the exporter questionnaire, you must answer all questions, include all attachments and spreadsheets, and provide a non-confidential version of your response to this exporter questionnaire.

If your response to this exporter questionnaire contains major deficiencies that, in the Commissioner's view, cannot be quickly and easily rectified in a further response, then your company may be deemed as an uncooperative exporter (dumping) and or non-cooperative exporter (countervailing).

### **Confidential and non-confidential responses**

You are required to lodge a confidential version (for official use only) and a non-confidential version (for public record) of your response to this exporter questionnaire by the due date. Please ensure that *each page* of information you provide is clearly marked either "FOR OFFICIAL USE ONLY" or "PUBLIC RECORD".

All information provided to the Commission in confidence will be treated accordingly. The non-confidential version of your submission will be placed on the public record, and must contain sufficient detail to allow a reasonable understanding of the substance of the information, but does not breach confidentiality nor adversely affect those interests.

A person is not required to provide a summary for the public record if the Commission can be satisfied that no such summary can be given that would allow a reasonable understanding of the substance of the information.

All submissions are required to have a bracketed explanation of deleted or blacked out information for the non-confidential version of the submission. An example of a statement to accompany deleted/blacked out text is:

[Explanation of cost allocation through the divisions, by reference to machine hours or weight].

If such an explanation is not provided, the Commission may disregard the information in the submission. Where the public record version of your response to the exporter questionnaire does not contain sufficient detail, your company may be deemed to have significantly impeded the case and be deemed an uncooperative exporter.

### **Verification of the information that you supply**

The Commission may wish to conduct a visit, if this option is available to the Commission, to your company to verify your questionnaire response for completeness, relevance and accuracy.

However, on 20 March 2020, the Commission published *Anti-Dumping Notice No. 2020/029*,<sup>1</sup> advising that onsite exporter verification activities have been temporarily suspended until further notice as a result of the COVID-19 pandemic. This position is subject to change as the Commission continues to assess current events.

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<sup>1</sup> [https://www.industry.gov.au/sites/default/files/adc/public-record/notice\\_adn - adn 2020-029 -temporary suspension of international onsite verification 0.pdf](https://www.industry.gov.au/sites/default/files/adc/public-record/notice_adn_-_adn_2020-029_-_temporary_suspension_of_international_onsite_verification_0.pdf)

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The Commission remains committed to ensuring that data submitted by parties is complete, relevant and accurate. If an onsite visit is not possible, the Commission may elect to undertake alternative verification activities. This includes but is not limited to remote verification, desktop assessments or delaying verification activities until such time as onsite verification is possible. The Commission will continue to monitor current events and assess when the suspension of onsite exporter verification activities can be lifted.

A verification visit, or any verification activity is not meant to be a chance for you to provide new or additional information. The Commission expects your response to the questionnaire to be relevant, complete and accurate.

Onsite verification is usually conducted over 4 days, remote and desktop verification may take a longer period of time. In complex cases, a verification visit, if conducted, may be scheduled over 5 days. A desktop verification may require a longer period.

Any verification activity will include a detailed examination of your company's records and we will collect copies of relevant documents. The verification will require the participation of key staff, including your financial accountant, production manager and sales staff. A tour of the manufacturing facility, should an onsite visit be possible, may also be required during the verification visit.

Note that the Commission may disregard any data or information that is not verified, including new or additional information provided after the verification activity.

A report will be prepared following the verification activity, which details the outcomes of the verification. This report will be placed on the public record and may include the publication of the preliminarily-assessed dumping and subsidy margin. The Commission considers that the dumping margin and subsidy margin is not confidential information, but rather an aggregate figure derived from confidential data.

You will be provided with an opportunity to comment on the accuracy and confidentiality of the verification report prior to its publication on the public record.

For information on the Commission's verification procedures, refer to Anti-Dumping Notice No. 2016/30 available on the Commission's website.

### **Important instructions for preparing your response**

- All questions in this exporter questionnaire must be completed. If a question is not applicable to your situation, please answer the question with "Not Applicable" and provide an explanation as to why.
- All questions must be answered in English. An English translation must be provided for documents not originally in English.
- Clearly identify all units of measurement (e.g. KG) and currencies (e.g. AUD) used. Apply the same measurement consistently throughout your response to the questionnaire.
- Label all attachments to your response according to the section of the questionnaire it relates to (e.g. label the chart of accounts as Attachment A-4.6)
- The data must be created as spreadsheet files in Microsoft Excel.
- If you have used formulas to complete spreadsheets, these formulas must be retained and not hard-coded.
- You must retain all worksheets used in answering the questionnaire. Be prepared to provide these worksheets during the Commission's verification of your data.
- If you cannot present electronic data in the requested format contact the case officer as soon as possible.

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- Where possible, electronic data should be emailed or shared with the Commission via SIGBOX, a secure online document repository. Please contact the Commission to request access to SIGBOX if required.

## **CHECKLIST**

This section is an aid to ensure that you have completed all sections of this questionnaire.

<b>Section</b>	Please tick if you have responded to all questions
Section A	<input checked="" type="checkbox"/>
Company information	<input checked="" type="checkbox"/>
Section B	<input checked="" type="checkbox"/>
Export sales to Australia	<input checked="" type="checkbox"/>
Section C	<input checked="" type="checkbox"/>
Exported goods & like goods	<input checked="" type="checkbox"/>
Section D	<input checked="" type="checkbox"/>
Domestic sales	<input checked="" type="checkbox"/>
Section E	<input checked="" type="checkbox"/>

<b>Attachments</b>	Please tick if you have provided spreadsheet
B-2 Australian sales	<input checked="" type="checkbox"/>
B-4 Upwards sales	<input checked="" type="checkbox"/>
B-5 Upwards selling expenses	<input checked="" type="checkbox"/>
B-6 Historical sales	<input checked="" type="checkbox"/>
D-2 Domestic sales	<input checked="" type="checkbox"/>
F-2 Third country sales	<input checked="" type="checkbox"/>
G-3 Domestic CTM	<input checked="" type="checkbox"/>
G-4.1 SG&A listing	<input checked="" type="checkbox"/>

**PUBLIC RECORD**

G-4.2 Dom SG&A calculation	<input checked="" type="checkbox"/>
G-5 Australian CTM	<input checked="" type="checkbox"/>
G-7.2 Raw material CTM	<input checked="" type="checkbox"/>
G-7.4 Raw material purchases	<input checked="" type="checkbox"/>
G-8 Upwards costs	<input checked="" type="checkbox"/>
G-9 Capacity utilisation	<input checked="" type="checkbox"/>



## GOODS UNDER CONSIDERATION

The goods the subject of the investigation are:

*Flat rolled iron and steel products (whether or not containing alloys), of a width equal to or greater than 600 millimetres (“mm”), plated or coated with aluminium-zinc alloys, not painted, and whether or not including resin coating.*

*Trade or further generic names often used to describe the subject goods include:*

- ZINCALUME® steel;
- GALVALUME® steel;
- Aluzinc, Supalume, Superlume, ZAM, GALFAN;
- Zinc aluminium coated steel;
- Aluminium zinc coated steel;
- Aluminium zinc magnesium coated steel;
- Alu-Zinc Steel sheet in Coils;
- Al/Zn; and
- Hot Dipped 55% Aluminium-Zinc Alloy coated steel sheet in coil.

*The imported goods the subject of this application covers aluminium zinc coated steel whether or not including any combination of surface treatment. For example, whether passivated (often referred to as chromated), resin coated or not resin coated (often referred to as Anti-Finger Print (“AFP”) or not AFP), oiled or not oiled, skin-passed or not skin-passed.*

*Excluded from the goods description of this application is un-passivated (often referred to as unchromated) aluminium zinc coated steel.*

*The amount of aluminium zinc coating on the steel is described as its coating mass and is nominated in grams per meter squared ( $g/m^2$ ), with the prefix being AZ (Aluminium Zinc). Common coating masses used are: AZ200, AZ150, AZ100, and AZ70.*

*There are several relevant International Standards for aluminium zinc coated steel, covering the full range of products via specific grade designations, and including the recommended or guaranteed properties of each of those product grades.*

*These relevant standards are noted below in the table “Relevant International Standards for Aluminium Zinc Coated Steel”.*

<b>International Standards</b>	<b>Product Grades</b>
<i>General and Commercial Grades</i>	
AS/NZS 1397	G1, G2
ASTM A792	CS, type A, B and C
EN 10346	DX51D, DX52D
JIS 3321	SGLCC

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<i>Forming, Pressing &amp; Drawing Grades</i>	
AS/NZS 1397	G3
ASTM A792	FS, DS
EN 10346	DX53D, DX53D
JIS 3321	SGLCD, SGLCDD
<i>Structural Grades</i>	
AS/NZS 1397	G250, G300, G350, G450, G550
ASTM A792	33 (230), 37(255), 40 (275), 50 (340), 55 (380), 80 (550)
EN 10346	S220GD, S250GD, S280GD, S320GD, S350GD, S550GD
JIS 3321	SGLC400, SGLC440, SGLC490, SGLC570

**Tariff classification**

The goods are generally, but not exclusively, classified to the following tariff classifications in Schedule 3 of the *Customers Tariff Act 1995*.

<b>Tariff classification (Schedule 3 of the Customs Tariff Act 1995)</b>		
<b>Tariff Subheading</b>	<b>Statistical Code</b>	<b>Description</b>
7210.61.00		FLAT-ROLLED PRODUCTS OF IRON OR NON-ALLOY STEEL, OF A WIDTH OF 600 mm OR MORE, CLAD, PLATED OR COATED: PLATED OR COATED WITH ALUMINIUM-ZINC ALLOYS
	60	Of a thickness of less than 0.5 mm
	61	Of a thickness of 0.5 mm or more but less than 1.5 mm
	62	Of a thickness of 1.5 mm or more
7225.99.00		FLAT-ROLLED PRODUCTS OF OTHER ALLOY STEEL, OF A WIDTH OF 600 mm OR MORE
	39	Other

**Model Control Code**

Details of the model control code (MCC) structure for the goods are in the table below. Export sales data (Section B-2), domestic sales data (Section D-2) and cost to make and sell data (Section G-3, G-

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4 & G-5) submitted in this response must follow this MCC structure. At a minimum, the data must report sales and cost data separately for each of the mandatory MCC categories identified.

Item	Category	Sub-Category	Identifier	Sales Data	Cost Data	Key category
1	Prime	Prime	P	Mandatory	Not applicable	Yes
		Non-Prime	N			
2	Coating Mass	≤ 100 g/m <sup>2</sup>	1	Mandatory	Mandatory	Yes
		>100 g/m <sup>2</sup> to ≤ 165 g/m <sup>2</sup>	2			
		>165 g/m <sup>2</sup>	3			
3	Steel Grade	G2 / SGLCC	A	Mandatory	Mandatory	Yes
		G3 / SGLCD	B			
		G250 / SGLC 340	C			
		G300 / G350 / SGLC 400 / SGLC 440 / SGLC 490	D			
		G450 / G500	E			
		G550 / SGLC 570	F			
		Other	G			
4	Base Metal Thickness (BMT)	< 0.40 mm	1	Mandatory	Mandatory	Yes
		≥ 0.40 mm to < 0.50 mm	2			
		≥ 0.50 mm to < 0.75 mm	3			
		≥ 0.75 mm to < 1.00 mm	4			
		≥ 1.00 mm to < 2.00 mm	5			
		≥ 2.00 mm	6			
5	Width	< 600 mm	1	Mandatory	Mandatory	No
		≥ 600 mm	2			
6	Form	Coil	C	Mandatory	Optional	No

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Firstly, POSCO wishes to make clear its position with respect to the description of the goods under consideration in this investigation and POSCO's exports to Australia. The two are different.

POSCO did not produce aluminium-zinc coated steel (known as "galvalume"), being the product for which the applicant BlueScope Steel Limited has applied for anti-dumping measures and as is referred to in the initiation notice for this investigation.

POSCO produces an aluminium zinc and magnesium coated steel product ("PosMAC"). The coating type and weight of the PosMAC product exported to Australia is as follows:

- zinc - 94.5%
- magnesium - 3.0%
- aluminium - 2.5%

By definition, *aluminium zinc magnesium* coated steel is not and cannot be correctly described as *aluminium zinc* coated steel. Further, PosMAC's specifications are not within the categories of "*Zinc/aluminium/magnesium coat[ed]*" steel described in AS 1397.

[CONFIDENTIAL TEXT DELETED – proprietary information concerning PosMAC steel]. The ambiguous expression "*generally, but not exclusively*", used when referring to these codes in the initiation notice cannot serve the function of bringing goods that are outside the scope of the goods description into the scope.

Thus, it is firmly maintained that PosMAC is outside the scope of this investigation, and that POSCO, not having exported any within scope goods during the investigation period, should not be required to provide this Exporter Questionnaire response and should be excluded from this investigation.

Further to the above, we note that the BMT category in the yellow highlighted cells in the "Model Control Codes" set out in the table above was added by the Commission to the MCC categories on or about 27 July 2020.

This change was requested by BlueScope Steel Limited in its submission entitled "*Regarding an additional MCC thickness*" dated 27 July. That submission was placed on the public record of this investigation on the same day. There was no open consultation with interested parties with respect to this change.

In its application ("the Application"), BlueScope states the following:

*The locally produced subject goods have a width greater than or equal to 600mm, with product thicknesses in the range of 0.30mm Base Metal Thickness ("BMT") to 1.60mm BMT (BMT represents the steel thickness without the metallic coating).*

In the Consideration Report, the Commission made the following finding:

*The Commission is satisfied that there is an Australian industry producing like goods to the goods the subject of the application on the basis that:*

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- *BlueScope produces goods that have characteristics that closely resemble the goods the subject of the application...*

The Exporter Questionnaire containing the model control code for the goods under consideration was published on the same day as the Consideration Report. It would be a reasonable assumption that the model control code was developed in tandem with the decision to initiate the investigation, as reflected in the Consideration Report.

The Commission emailed us in our capacity as POSCO's representatives in this matter to advise that *"the Commission has amended the MCC for this investigation to include a sixth BMT sub-category for subject goods having thickness equal to or greater than 2 mm"* on 27 July 2020.

In order to encourage and support the observance of due process and proper treatment of interested parties in the remainder of this investigation, POSCO wishes to express its concerns about this change.

BlueScope's submission on this topic gives no details and presents no argumentation to overcome the proposition that a decision had already been made with respect to the scope of the goods that were to be the subject of the investigation, as contained within the extremities of the model control code originally published by the Commission as part of the decision to initiate the investigation. It is not claimed that a mistake was made by any party, including the Commission. Indeed, BlueScope had to request that this change be made, and it appears that the request was received and actioned by the Commission in the course of a single day.

The record indicates that BlueScope manufactures aluminium zinc coated steel of a substrate thickness ranging up to and including 1.6mm. The model control code originally announced by the Commission extended that thickness by a further 25%. The newly revised model control code extends the thickness scope to include *any thickness more than 25% thicker than BlueScope's existing production capability*.

POSCO is dissatisfied with this extension of the MCC to encompass GUC of thicknesses far outside BlueScope's manufacturing capability, and far outside the thicknesses that had already been notified to interested parties.

Notwithstanding POSCO's objections and concerns as mentioned above, POSCO intends to cooperate with the Commission's inquiries, in order to preserve its commercial position, and to allow time for the question of the exclusion of PosMAC from this investigation to be resolved to its satisfaction. This Exporter Questionnaire response has been completed in that context.

In constructing a MCC, use a "-" between each category. For example: **P-2-E-3-2-C**

The MCCs will be used to model match export models to the identical or comparable domestic models. In addition, the MCCs will be used to determine the profitability of domestic sales in the ordinary course of trade test by comparing domestic selling prices to the corresponding cost to make and sell. The MCC may also be used to compare the export price to the cost to make the exported model as part of the constructed normal value.

If there are models manufactured and sold by your company that do not align within the MCC structure above, this should be raised by lodging a submission with the Commission as soon as is practicable, but no later than the time this questionnaire is due, otherwise the response may be deemed deficient.

## SECTION A COMPANY INFORMATION

### A-1 Company representative and location

- 1 Please nominate a contact person within your company:

<b>Name:</b>	<b>Cho, Dae-hee</b>
<b>Position in the company:</b>	<b>Manager International Trade Office Trade Affairs Section</b>
<b>Telephone:</b>	<b>+82 2 3457 0114</b>
<b>E-mail address:</b>	<b>dcho16@posco.com</b>

- 2 If you have appointed a representative, provide their contact details:

<b>Name:</b>	<b>Daniel Moulis</b>
<b>Address:</b>	<b>6/2 Brindabella Circuit Canberra International Airport ACT 2609 Australia</b>
<b>Telephone:</b>	<b>+61 2 6163 1000</b>
<b>E-mail address:</b>	<b>daniel.moulis@moulislegal.com</b>
<b>All communications in relation to this matter should be directed to Daniel Moulis in the first instance</b>	

*In nominating a representative, you are granting authority to the Commission to discuss matters relating to the case with the nominated representative, including your company's confidential information.*

- 3 Please provide the location of the where the company's financial records are held.

<b>POSCO's financial records are held in its Seoul office.</b>
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- 4 Please provide the location of the where the company's production records are held.

<b>POSCO's production records are held at its factories located in Pohang and Gwangyang, South Korea.</b>
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### A-2 Company information

1. What is the legal name of your business?

<b>The company's legal name in its normal business is "POSCO".</b>
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2. Does your company trade under a different name and/or brand? If yes, provide details.

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**POSCO does not trade under a different name or brand.**

3. Was your company ever known by a different legal and/or trading name? If yes, provide details.

**POSCO has had (“POSCO”) as its current corporate name and style since 2002.**

4. Provide a list of your current board of directors and any changes in the last two years.

**POSCO provides the list of current board of directors as well as the list of directors during the last two years in *Attachment A-2.4 - Board of directors*.**

5. Is your company part of a group (e.g. parent company with subsidiaries, common ownership, joint-ventures)? If yes, provide:

- (a) A diagram showing the complete ownership structure; and
- (b) A list of all related companies and its functions

**POSCO is not part of a group. However, POSCO provides the ownership, main function and percentage of ownership of its related companies in *Attachment A-2.5 - Corporate structure and affiliation chart* [CONFIDENTIAL ATTACHMENT].**

6. Is your company or parent company publicly listed?

If yes, please provide:

- (a) The stock exchange where it is listed; and

**POSCO has been listed on the Korea Exchange (“KRX”) since 10 June 1988.**

- (b) Any principal shareholders<sup>2</sup>

**POSCO provides its major shareholders list in *Attachment A-2.6b - Major shareholders list*.**

If no, please provide:

- (a) A list of all principal shareholders and the shareholding percentages.

**Not applicable.**

7. What is the overall nature of your company’s business? Include details of the products that your company manufacture and sell and the market your company sells into.

**POSCO is an integrated steel manufacturer founded in 1968. POSCO produces a range of steel products which are sold in Korea and to various export markets, including the Australian market. The steel products produced and sold by POSCO are hot-rolled coil and sheet, cold-rolled coil and sheet, electrical coil and sheet, galvanized coil and sheet of different coatings, plate, wire rod, and stainless steel coil and sheet.**

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<sup>2</sup> Principal shareholders are those who are able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company.

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8. If your business does not perform all of the following functions in relation to the goods under consideration, then please provide names and addresses of the companies which perform each function:
- (a) produce or manufacture;
  - (b) sell in the domestic market;
  - (c) export to Australia; and
  - (d) export to countries other than Australia.

**POSCO performs all of the above functions in relation to PosMAC.**

9. Provide your company's internal organisation chart.

**POSCO provides its organisation chart in *Attachment A-2.9 - Organisation chart*. [CONFIDENTIAL ATTACHMENT].**

**POSCO owns and operates two integrated steel mills in Korea. The first mill is located in Pohang and the second one is located in Gwangyang. POSCO manufactures PosMAC at both facilities.**

**POSCO's corporate headquarters are located in Pohang, Korea. The company maintains its marketing, sales, finance, raw materials purchasing, strategic planning, and some administrative offices in Seoul, as well as administrative offices in Pohang.**

10. Describe the functions performed by each group within the organisation.

**POSCO's organisation includes the following business divisions:**

**[CONFIDENTIAL TEXT DELETED – information regarding internal business organisation]**

11. Does your company produce brochures, pamphlets or other promotional material? If yes, please provide them.

**POSCO provides its POSMAC product brochure in *Attachment A-2.11 - PosMAC product brochure*.**

### **A-3 General accounting information**

1. What is your financial accounting period?

**POSCO's financial accounting period is 1 January to 31 December.**

2. Are your financial accounts audited? If yes, who is the auditor?

**POSCO's financial accounts are audited by KPMG Samjong Accounting Corp.**

3. What currency are your accounts kept in?

**POSCO's accounts are kept in Korean Won ("KRW").**

4. What is the name of your financial accounting system?



## PUBLIC RECORD

Flowcharts illustrating POSCO's financial accounting system are provided in *Attachment A-3.4 - Flowcharts illustrating POSCO's financial accounting system* [CONFIDENTIAL ATTACHMENT]. As described in the Attachment, POSCO's accounting system is an Enterprise Resource Planning ("ERP") system called [CONFIDENTIAL TEXT DELETED – proprietary accounting software system] which is comprised of a number of modules in which financial accounting data is recorded. All financial information is captured within the [CONFIDENTIAL TEXT DELETED – proprietary accounting software system].

5. What is the name of your sales system?

POSCO's sales information is generated in the [CONFIDENTIAL TEXT DELETED – proprietary accounting software system]. Please refer to *Attachment A-3.4 - Flowcharts illustrating POSCO's financial accounting system* [CONFIDENTIAL ATTACHMENT].

6. What is the name of your production system?

POSCO's production information is aggregated in the [CONFIDENTIAL TEXT DELETED – proprietary accounting software system]. Please refer to *Attachment A-3.4 - Flowcharts illustrating POSCO's financial accounting system* [CONFIDENTIAL ATTACHMENT].

7. If your financial accounting, sales and production systems are different, how do the systems interact? Is it electronically or manual? Please provide a detailed explanation and include diagrams.

POSCO's sales, production and financial accounting are integrated by its ERP system. Once a transaction takes place, it is entered into the accounting system as a journal entry. The journal entry is accumulated within the relevant account code, and all the account codes form the general ledger ("GL"). At the end of each financial reporting period, these GLs are ordered into financial statements such as the balance sheet and income statement.

8. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If yes, please provide details.

POSCO maintains its financial accounting records in accordance with the generally accepted accounting principles of Korea ("K-GAAP") as well as the Korean International Financial Reporting Standards ("K-IFRS")

9. Have there been any changes to your accounting practices and/or policies over the last two years? If yes, please provide details.

POSCO has not changed any of its accounting practices and/or policies over the last two years.

### A-4 Financial Documents

1. Please provide the two most recently completed annual reports and/or financial statements for your company and any other related companies involved in the production and sale of the goods.

POSCO provides its two most recently completed financial statements in:

**PUBLIC RECORD**

- *Attachment A-4.1 – POSCO audited FS for FY 2019 (incl 2018); and*
- *Attachment A-4.1 – POSCO audited FS for FY 2018 (incl 2017).*

**POSCO International Corporation (“PIC”) and POSCO Australia Pty Ltd (“POSA”) were involved in export sales of PosMAC product to Australia during the POI. Thus, POSCO also provides these financial statements for these related companies:**

- *Attachment A-4.1 - POSCO International audited FS for FY 2019 (incl 2018);*
- *Attachment A-4.1 - POSCO Australia audited FS for FY 2019 (incl 2018) [CONFIDENTIAL ATTACHMENT]; and*
- *Attachment A-4.1 - POSCO Australia audited FS for FY 2018 (incl 2017) [CONFIDENTIAL ATTACHMENT].*

2. If the financial statements in A-4.1 are unaudited, provide for each company:
- (a) the tax returns relating to the same period; and
  - (b) reconciliation of the revenue, cost of goods sold, and net profit before tax between the financial statements and tax returns.

**Not applicable.**

3. Does your company maintain different profit centres? If yes, provide profit & loss statements for the profit centre that the goods falls into for:
- (a) the most recent financial year; and
  - (b) the period.

**[CONFIDENTIAL TEXT DELETED – information concerning internal accounting matters]**

4. If the period is different to your financial period, please provide:
- (a) Income statements directly from your accounting information system covering the most recent financial period and the period; or
  - (b) Quarterly or half yearly income statements directly from your accounting system covering the most recent financial period and the period.

**POSCO provides the review report covering Q1 2020, including its quarterly income statement, in Attachment A-4.4 - POSCO review report for Q1 of FY2020.**

5. Please provide a copy of your company’s trial balance (in Excel) covering the period and the most recent financial year.

**POSCO provides its trial balance covering the period of investigation and the most recent financial year in Attachment A-4.5 - Monthly trial balance [CONFIDENTIAL ATTACHMENT].**

6. Please provide your company’s chart of accounts (in Excel).

**POSCO provides its chart of accounts in Attachment A-4.6 - Chart of accounts [CONFIDENTIAL ATTACHMENT].**

**PUBLIC RECORD**

*If any of the documents are not in English, please provide a complete translation of the documents.*

## SECTION B EXPORT SALES TO AUSTRALIA

### B-1 Australian export sales process

1. Provide details (and diagrams if appropriate) of the export sales process of your company and any entities (e.g. agents) including:
  - (a) Marketing and advertising activities
  - (b) Price determination and/or negotiation process
  - (c) Order placement process
  - (d) Order fulfilment process and lead time
  - (e) Delivery terms and process
  - (f) Invoicing process
  - (g) Payment terms and process

**POSCO made export sales of PosMAC through its related trading companies [CONFIDENTIAL TEXT DELETED – information concerning sales route] to the final end-user during the investigation period.**

**[CONFIDENTIAL TEXT DELETED – diagrammatic representation of sales route]**

**[CONFIDENTIAL TEXT DELETED – information concerning INCOTERMS].**

**[CONFIDENTIAL TEXT DELETED – information concerning sales route].**

2. In what currency do you invoice your customers for goods exported to Australia? If it is not in your local currency:
  - (a) Do your customers pay you into a foreign currency denominated account? If yes, provide details;
  - (b) Do you use forward contracts to lock in the foreign exchange rate relating to the export sales? If yes, provide details;
  - (c) How is the exchange rate determined in your accounting system and how often is it updated?

**[CONFIDENTIAL TEXT DELETED – information concerning currency in which sales were made]**

3. Are there any customers of the goods exported to Australia related to your company? If yes, please provide a list of each related customer and provide details on how the selling price is set.

**POSCO exported its PosMAC product [CONFIDENTIAL TEXT DELETED – information concerning sales route] to unrelated customers in Australia during the investigation period. [CONFIDENTIAL TEXT DELETED – information concerning price determination].**

4. If sales are in accordance with price lists or price extras list, provide copies of these lists.

## PUBLIC RECORD

**This question is not applicable because POSCO does not publish any price list to its customers. Rather, the price is determined through individual negotiations on a transaction specific basis.**

5. Do your export selling prices vary according to the distribution channel identified? If yes, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

**This question is not applicable because POSCO had only one distribution channel for the exportation of PosMAC to Australia during the investigation period.**

6. Did you provide on-invoice discounts and/or off-invoice rebates to any customer or an associate of the customer in relation to the sale of the goods exported to Australia during the period? If yes, provide a description and explain the terms and conditions that must be met by the customer to obtain the discount.

**[CONFIDENTIAL TEXT DELETED – information concerning discounts and rebates].**

7. Did you issue any credit or debit notes (directly or indirectly) to the customer or associate of the customer in relation to the sale of the goods exported to Australia during the period? If yes, provide details of the credit/debit notes including the reasons the credit/debit notes were issued.

**[CONFIDENTIAL TEXT DELETED – information concerning credit and debit notes].**

8. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:
- (a) What date are you claiming as the date of sale?
  - (b) Why does this date best reflect the material terms of sale?

**[CONFIDENTIAL TEXT DELETED – information about date of sale in this EQ].**

## **B-2 Australian sales listing**

1. Complete the worksheet named “B-2 Australian sales”
- This worksheet lists all sales (i.e. transaction by transaction) exported to Australia of the goods invoiced within the period. This includes exports to Australia sold through a domestic customer.
  - If you have claimed in B-1.8 that the date of sale is one other than the invoice date, then add the sales within your claimed date of sale.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.
  - If there are any direct selling expenses incurred in respect of the exports to Australia not listed in the spreadsheet, add a column. For example, if the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (e.g. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred.

**POSCO provides Attachment B-2.1a - Australian sales [CONFIDENTIAL ATTACHMENT]. Also, POSCO provides the worksheet of Australian sales [CONFIDENTIAL TEXT DELETED – information concerning sales route] in**

**PUBLIC RECORD**

**Attachment B-2.1b and Attachment B-2.1c, respectively [CONFIDENTIAL ATTACHMENTS].**

2. Provide a table listing the source of the data for each column in the “B-2 Australian sales” listing.

**As requested, POSCO includes a table listing the source of the data for each column in “Australian Sales” [CONFIDENTIAL TEXT DELETED – information concerning sales route].**

**[CONFIDENTIAL TEXT DELETED – information concerning certain products exported to Australia].**

**B-3 Sample export documents**

1. Select the two largest invoices by value and provide the following documentation:

- Contracts
- Purchase order and order confirmation
- Commercial invoice and packing list
- Proof of payment and accounts receivable ledger
- Documents showing bank charges
- Invoices for inland transport
- Invoices for port handling and other export charges
- Bill of lading
- Invoices for ocean freight & marine insurance (if applicable)
- Country of origin certificates (if applicable)

*If the documents are not in English, please provide a translation of the documents.*

**POSCO provides the requested documentation for the two largest invoices by value in Attachment B-3.1a – Australian sales sample #1 and Attachment B-3.1b – Australian sales sample #2 [CONFIDENTIAL ATTACHMENTS].**

2. For each document, please annotate the documents or provide a table reconciling the details in the “B-2 Australian sales” listing to the source documents in B-3.1.

**As requested, POSCO includes the annotations and tables reconciling the details in the “Australian sales” list within the samples themselves, as follows:**

- **Attachment B-3.1a - Australian sample [CONFIDENTIAL TEXT DELETED – number] [CONFIDENTIAL ATTACHMENT] contains calculation tables verifying the samples to the relevant B-2 Australian sales listing:**

**[CONFIDENTIAL TEXT DELETED – numbers]**

- **Attachment B-3.1b – Australian sample [CONFIDENTIAL TEXT DELETED – number] [CONFIDENTIAL ATTACHMENT] contains similar source documents and calculations.**

## B-4 Reconciliation of sales to financial accounts

1. Please complete the worksheet named "B-4 Upwards sales" to demonstrate that the sales listings in B-2, D-2 and F-2 are complete.
  - You must provide this list in electronic format using the template provided.
  - Please use the currency that your accounts are kept in.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**POSCO provides the worksheet named as "Upwards Sales" in Attachment B-4.1 - Upwards sales [CONFIDENTIAL ATTACHMENT].**

2. Please provide all documents, other than those in A-4, B-2 and D-2, required to complete the "B-4 Upwards sales" worksheet. If the documents include spreadsheets, all formulas used must be retained.

**POSCO provides supporting documentation in Attachment B-4.2 - Supporting worksheets for upward sales [CONFIDENTIAL ATTACHMENT].**

3. For any amount in the "B-4 Upwards sales" worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:
  - the name of the source document, including the relevant page number, in column D of the worksheet; and
  - highlight or annotate the amount shown in the source document.

**POSCO includes the requested information in Attachment B-4.3 – Supporting documentation for upward sales [CONFIDENTIAL ATTACHMENT].**

## B-5 Reconciliation of direct selling expenses to financial accounts

1. Please complete the worksheet named "B-5 Upwards selling expense" to demonstrate that the direct selling expenses (e.g. Inland transport) in B-2 and D-2 are complete.
  - You must provide this list in electronic format using the template provided.
  - Please use the currency that your accounts are kept in.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**POSCO provides the worksheet in Attachment B-5.1 – Upward selling expense [CONFIDENTIAL ATTACHMENT].**

2. Please provide all documents, other than those in A-4, B-2 and D-2, required to complete the "B-5 Upwards selling expense" worksheet. If the documents include spreadsheets, all formulas used must be retained.

**POSCO provides supporting documentation in Attachment B-5.2 - Supporting documentation for upward selling expense [CONFIDENTIAL ATTACHMENT].**

3. For any amount in the "B-5 Upwards selling expenses" worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:
  - the name of the source document, including the relevant page number, in column C of the worksheet; and

**PUBLIC RECORD**

- highlight or annotate the amount shown in the source document.

**Not applicable.**

**B-6 Historical export sales listing**

1. Complete the worksheet named “B-6 Historical sales”

- This worksheet lists the totals of all sales for each product code exported to Australia of the goods in each year ending 31 March for 2017, 2018 and 2019 (i.e. year ending 31 March 2017, etc.). This includes exports to Australia sold through a domestic customer.
- You must provide this list in electronic format using the template provided.

Provide a table listing the source of the data for each column in the “B-6 Historical sales” listing.

**POSCO provides historical sales data as requested in *Attachment B-6.1 - Historical sales* [CONFIDENTIAL ATTACHMENT]. This exhibit also includes a table listing the source of the data for each column.**



## SECTION C

### EXPORTED GOODS & LIKE GOODS

The Commission considers the MCC structure in and of itself is not likely to be commercially sensitive information. Any claim that disclosing the MCC information is confidential or would adversely affect your business or commercial interests must be raised by lodging a submission as soon as practicable, but no later than the time this questionnaire is due.

#### C-1 Models exported to Australia

1. Fully describe all of the goods your company exported to Australia during the period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the goods exported to Australia.

**As mentioned in the response to question 7 of Section A, POSCO did not produce or sell “aluminium-zinc” coated steel (“galvalume”).**

**During the investigation period, POSCO only made sales of the “PosMAC” product to Australia.**

**POSCO’s product, PosMAC, is a ternary alloy coated steel (zinc 94.5%, aluminium 2.5% and magnesium 3.0%). These specifications are outside the Australian Standard cited by the applicant.**

**For details of the “PosMAC” product please refer to *Attachment A-2.11 – Product brochure*.**

2. Provide a list of MCCs of the goods exported to Australia. This must cover all MCCs listed in the Australian sales listing in B-2.
  - This list must be disclosed in the public record version of the response.

**Please refer to *Attachment C-1.2 - List of MCCs for PosMAC Product Exported to Australia* [CONFIDENTIAL ATTACHMENT].**

**[CONFIDENTIAL TEXT DELETED – due to special commercial circumstances POSCO’s list of MCCs has not been disclosed]**

#### C-2 Models sold in the domestic market

1. Fully describe all like goods your company sold on the domestic market during the period. Include specification details and any technical and illustrative material that may be helpful in identifying, or classifying, the like goods sold on the domestic market.

**There was no significant difference between different markets (e.g. domestic and export) in relation to product specification of PosMAC product. For details of PosMAC’s specifications, please refer to POSCO’s product brochure at *Attachment A-2.11*.**

**POSCO provides a list of specifications [CONFIDENTIAL TEXT DELETED – information concerning PosMAC specifications] which POSCO maintains in its normal course of trade in *Attachment C-2.1 – Categorisation of each specification***

**of PosMAC product by BMT [CONFIDENTIAL ATTACHMENT]. [CONFIDENTIAL TEXT DELETED – information concerning PosMAC specifications].**

2. Provide a list of MCCs of like goods sold on the domestic market. This must cover all MCCs listed in the domestic sales listing in D-2.
  - This list must be disclosed in the public record version of the response.

**Please refer to *Attachment C-2.2 - List of MCC for PosMAC product sold on the domestic market* [CONFIDENTIAL ATTACHMENT].**

### **C-3 Internal product codes**

1. Does your company use product codes or stock keeping unit (SKU) codes?

If yes:

- (a) Provide details of the product or SKU coding system for the goods, such as a legend or key of the meaning for each code within the product or SKU code.
- (b) Provide details on how you mapped the product or SKU codes to the MCC for the purpose of completing this questionnaire.
- (c) Provide a table of showing the product or SKU codes for each MCC.

If no:

- (a) Provide details on the method used to identify the MCC in the sales and cost spreadsheets.

**A list of product name codes including PosMAC product is provided in *Attachment C-3.1 - POSCO's internal product code list* [CONFIDENTIAL ATTACHMENT]. The actual item codes are used by POSCO in the ordinary course of business. The same product coding system is used for sales to both the domestic market and export markets including Australia.**

**POSCO's internal product code relating to PosMAC product is reported as follows:**

**[CONFIDENTIAL TEXT DELETED – internal product codes]**

## SECTION D DOMESTIC SALES

### D-1 Domestic sales process

1. Provide details (and diagrams if appropriate) of the domestic sales process of your company and any other related entities including:
  - (a) Marketing and advertising activities
  - (b) Price determination and/or negotiation process
  - (c) Order placement process
  - (d) Order fulfilment process and lead time
  - (e) Delivery terms and process
  - (f) Invoicing process
  - (g) Payment terms and process

**In the domestic market, POSCO has two channels of distribution as follows:**

- (a) **Channel 1 – direct sales to domestic customers**  
**[CONFIDENTIAL TEXT DELETED – type of domestic sales and manner in which domestic sales made]**
- (b) **Channel 2 – sales through [CONFIDENTIAL TEXT DELETED – name of distributor] to domestic customers**  
**[CONFIDENTIAL TEXT DELETED – type of domestic sales and manner in which domestic sales made]**

2. Are any domestic customers related to your company? If yes, please provide a list of each related customer and provide details on how the selling price is set.

**As explained above, [CONFIDENTIAL TEXT DELETED – name of distributor] was involved in the resale of PosMAC in the domestic market during the investigation period.**

**[CONFIDENTIAL TEXT DELETED – type of domestic sales and manner in which domestic sales made], POSCO had related customers in the domestic market during the investigation period. A list of these related customers is provided in Attachment D-1.2 - List of Related Customers [CONFIDENTIAL ATTACHMENT].**

**Please note that POSCO's price is not set differently between or among customers, region or time periods. Rather, POSCO typically establishes its price through individual negotiations on a transaction-specific basis.**

3. If sales are in accordance with price lists or price extras list, provide copies of these lists.

**For domestic sales, POSCO establishes its price with its domestic customers through individual negotiations. Therefore, POSCO did not publish any price lists to the customers concerning its PosMAC product during the investigation period.**

4. Do your domestic selling prices vary according to the distribution channel identified? If yes, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

**POSCO's selling prices do not vary according to the distribution channel. Rather, the prices are established through individual negotiations between POSCO and its customers in the domestic market.**

5. Did you provide on-invoice discounts and/or off-invoice rebates to the customer or an associate of the customer in relation to the sale of the like goods during the period? If yes, provide a description; and explain the terms and conditions that must be met by the importer to obtain the discount.

**[CONFIDENTIAL TEXT DELETED – information concerning discounts and rebates].**

**A sample transaction illustrating the methodology used to calculate the reported discount amount is provided in *Attachment D-1.5 - Sample calculation* [CONFIDENTIAL ATTACHMENT].**

6. Did you issue any credit or debit notes (directly or indirectly) to the customer or associate of the customer in relation to the sale of the like goods during the period? If yes, provide details of the credit/debit notes including the reasons the credit/debit notes were issued.

**POSCO submits a worksheet in *Attachment D-1.6 - Credit and Debit Notes Listing* [CONFIDENTIAL ATTACHMENT]. It contains information of all post-sale credit and debit notes incurred during the investigation period with respect to domestic sales of PosMAC product on a transaction-by-transaction basis. These debits and credits are generally issued, for example, to correct data entry errors in the original invoice.**

7. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:

- (a) What date are you claiming as the date of sale?  
(b) Why does this date best reflects the material terms of sale?

**[CONFIDENTIAL TEXT DELETED – information about date of sale in this EQ].**

## **D-2 Domestic sales listing**

1. Complete the worksheet named "D-2 Domestic sales"
- This worksheet lists all domestic sales (i.e. transaction by transaction) of like goods invoiced within the period, even if they are models not exported to Australia
  - If you have claimed in B-1.8 and/or D-1.7 that the date of sale is one other than the invoice date, then add the sales within your claimed date of sale.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.
  - If there are any other costs, charges or expenses incurred in respect of the sales listed which have not been identified in the table in question D-2 above, add a column for each item. For example, certain other selling expenses incurred.

**POSCO provides the relevant worksheet as *Attachment D-2.1 - Domestic sales* [CONFIDENTIAL ATTACHMENT].**

## PUBLIC RECORD

2. Provide a table listing the source of the data for each column in the “D-2 domestic sales” listing.

**POSCO includes a table listing the source of the data for each column in Attachment D-2.1 - Domestic sales [CONFIDENTIAL ATTACHMENT]. The source for the credit and debit note value is Attachment D-2.2 - Credit and debit notes listing [CONFIDENTIAL ATTACHMENT]**

### D-3 Sample domestic sales documents

1. Select the two largest invoices by value and provide the following documentation:

- Contracts
- Purchase order and order confirmation
- Commercial invoice and packing list
- Proof of payment and accounts receivable ledger
- Documents showing bank charges
- Delivery invoices

*If the documents are not in English, please provide a translation of the documents.*

**POSCO provides the requested documentation for the two largest invoices by value in Attachment D-3.1a – Domestic sales sample #1 and Attachment D-3.1b – Domestic sales sample #2 [CONFIDENTIAL ATTACHMENTS].**

2. For each document, please annotate the documents or provide a table reconciling the details in the “D-2 domestic sales” listing to the source documents in D-3.1.

**As requested, POSCO includes the annotation or table reconciling the details in the “Domestic sales” list in Attachment D-2.1 - Domestic sales [CONFIDENTIAL ATTACHMENT].**

### D-4 Reconciliation of sales to financial accounts

This section is not required if you have completed B-4.

**POSCO has completed B-4.**

1. Please complete the worksheet named “B-4 Upwards sales” to demonstrate that the sales listings in D-2 and F-2 are complete.
  - You must provide this list in electronic format using the template provided.
  - Please use the currency that your accounts are kept in.
  - If you have used formulas to complete this worksheet, these formulas must be retained.
2. Please provide all documents, other than those in A-4, D-2 and F-2, required to complete the “B-4 Upwards sales” worksheet. If the documents include spreadsheets, all formulas used must be retained.
3. For any amount in the “B-4 Upwards sales” worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:
  - the name of the source document, including the relevant page number, in column D of the worksheet; and

## **PUBLIC RECORD**

- highlight or annotate the amount shown in the source document.

## SECTION E DUE ALLOWANCE

### E-1 Credit expense

1. Do you provide credit to any domestic customers in relation to sales of like goods (i.e. payment terms that are not on a cash or pre-payment basis)? If yes:
  - (a) Do you provide a rolling credit facility to your domestic customers (i.e. no specific payment terms agreed at the time of sale)? If yes:
    - i. Calculate the accounts receivable turnover for each domestic customer (credit sales divided by the average accounts receivable).
    - ii. Calculate the average credit term for each domestic customer by dividing 365 by the accounts receivable turnover
  - (b) Do you have short term borrowings or an overdraft facility? If yes, what is the interest rate, or average of interest rates?
  - (c) Do you have term deposits or other cash product (e.g. bonds)? If yes, what is the interest rate, or average of interest rates?

**[CONFIDENTIAL TEXT DELETED – information concerning credit terms].**

**POSCO provides a sample of the various payment terms offered to its domestic customers in *Attachment E-1.1a - Various payment terms for domestic sales* [CONFIDENTIAL ATTACHMENT]**

**POSCO has reported its credit cost on a transaction-specific basis by using the following formula:**

$$\text{Credit Cost} = \text{Net Invoice Value} \times [(\text{Payment date} - \text{Invoice date}) / 365] \times \text{Short-term interest rate}$$

**The calculation of the short-term interest rate is provided in *Attachment E-1.1b - Calculation of short-term interest rate for POSCO* [CONFIDENTIAL ATTACHMENT].**

**[CONFIDENTIAL TEXT DELETED – information concerning term deposits and cash products].**

2. Do you provide credit to any Australian customers in relation to sales of the goods (i.e. payment terms that are not on a cash or pre-payment basis)? If yes:
  - (a) Do you provide a rolling credit facility to your Australian customers (i.e. no specific payment terms agreed at the time of sale)? If yes:
    - i. Calculate the accounts receivable turnover for each domestic customer (credit sales divided by the average accounts receivable).
    - ii. Calculate the average credit term for each domestic customer by dividing 365 by the accounts receivable turnover
  - (b) If your Australian customers pay you into a foreign currency denominated account (question B-1.2(a) refers):
    - i. Do you have short term borrowings or an overdraft facility denominated in the same foreign currency? If yes, what is the interest rate, or average of interest rates?

## PUBLIC RECORD

- ii. What is the interest rate, or average of interest rates, applying to term deposits or other cash product (e.g. bonds) denominated in the same foreign currency? If yes, what is the interest rate, or average of interest rates?

**For Australian sales, the payment terms are as follows:**

**[CONFIDENTIAL TEXT DELETED – information concerning payment terms].**

**Australian customers paid for the goods in the same currency shown on the invoice, [CONFIDENTIAL TEXT DELETED – information about currency of sale].**

**Credit cost on Australian sales has been reported as follows:**

**[CONFIDENTIAL TEXT DELETED – information concerning credit cost].**

## E-2 Packaging

1. What is the packaging used for your domestic sales of like goods?

**For domestic sales of PosMAC, POSCO has reported packing cost by packing type. The reported packing costs include packing materials, labour and overhead costs. POSCO provides a worksheet detailing the calculation of “per unit packing cost by packing type” used for reporting packing cost for both domestic sales and export sales of PosMAC product in *Attachment E-2.1 – Packaging cost calculation* [CONFIDENTIAL ATTACHMENT].**

2. What is the packaging used for your export sales of the goods to Australia?

**For Australian sales of PosMAC product, [CONFIDENTIAL TEXT DELETED – information concerning packing type and code number].. POSCO has reported packing cost by multiplying per unit packing cost shown at *Attachment E-2.1 – Packaging cost calculation* [CONFIDENTIAL ATTACHMENT] by the sales quantity on a transaction-specific basis.**

3. If there are distinct differences in packaging between your domestic and export sales:

- (a) Provide details of the differences
- (b) Calculate the weighted average packaging cost for each model sold on the domestic market
- (c) Calculate the weighted average packaging cost for each model exported to Australia

**As explained above, the packing cost is different depending upon the packing type. POSCO has calculated per unit packing cost by each packing type which is shown at *Attachment E-2.1 – Packaging cost calculation* [CONFIDENTIAL ATTACHMENT]. Please note that for domestic sales and Australian sales, POSCO has reported its packing cost on a transaction-specific basis by each packing type.**

## E-3 Delivery

1. Are any domestic sales of like goods delivered to the customer? If yes, how were the transportation costs calculated in the domestic sales listing in D-2?

**For domestic sales, POSCO transports the goods from its Pohang or Gwangyang factories to the customer by truck, train or vessel. POSCO has reported the cost of inland freight from the factory to the customer in the**



domestic sales listing. This freight charge is reported on a transaction-by-transaction basis.

POSCO utilised three distribution warehouses to assist in the distribution of the goods to the customer in the domestic market. These distribution warehouses were operated by unaffiliated companies that charge POSCO a monthly fee. Details on the monthly cost and calculation of the reported per unit cost of warehousing is provided in *Attachment E-3.1 – Warehousing expense* [CONFIDENTIAL ATTACHMENT].

POSCO divided the total cost charged for the investigation period by the total quantity stored in the location. The warehousing expense per transaction is achieved by multiplying the per unit cost of the warehousing expense by the quantity of the specific transaction basis. This is reported in the domestic sales listing in Korean won for all PosMAC product shipped out of the warehouse.

For domestic sales, POSCO also incurred loading and unloading charges in the course of delivery of the PosMAC product from POSCO's factories to the customer. POSCO has reported loading and unloading charge on a transaction-by transaction basis in the domestic sales listing.

2. What are the delivery terms of the export sales of the goods to Australia?

For Australian sales of PosMAC product, the delivery terms are as follows:  
[CONFIDENTIAL TEXT DELETED – information concerning INCOTERMS of Australian sales].

3. If the delivery terms of the Australian sales includes delivery to the port, how were the inland transport and port charges calculated in the Australian sales listing in B-2?

[CONFIDENTIAL TEXT DELETED – information concerning INCOTERMS of Australian sales].

4. If the delivery terms of the Australian sales includes ocean freight, how was the ocean freight cost calculated in the Australian sales listing in B-2?

[CONFIDENTIAL TEXT DELETED – information concerning INCOTERMS of Australian sales].

5. If the delivery terms of the Australian sales includes marine insurance, how was the marine insurance calculated in the Australian sales listing in B-2?

[CONFIDENTIAL TEXT DELETED – information concerning INCOTERMS of Australian sales].

6. If the delivery terms of the Australian sales includes delivered duty paid, how were the Australian importation and delivery costs calculated in the Australian sales listing in B-2?

[CONFIDENTIAL TEXT DELETED – information concerning INCOTERMS of Australian sales].

#### **E-4 Other direct selling expenses**

1. Do you provide sales commissions for domestic sales of like goods and/or export sales of the goods? If yes, provide details.

[CONFIDENTIAL TEXT DELETED – information concerning commissions].

2. Are there any differences in tax liability between domestic and export sales? If yes, provide details, for example:
  - What is the rate of value-added tax (VAT) on sales of the goods and like goods?
  - How is VAT accounted for in your records in relation to sales of the goods and like goods?
  - Do you receive a VAT refund in relation to sales of the goods and/or like goods?
  - Do you receive a remission or drawback of import duties on inputs consumed in the productions of the goods or like goods?

**In accordance with the Korean Taxation Law, sellers should pay 10% of the sales amount as VAT (Value Added Tax) to Korean Tax Authority. Sales amounts in the domestic sales listing are reported net of VAT.**

[CONFIDENTIAL TEXT DELETED – information concerning duty drawback].

3. Are there any other direct selling expenses incurred by your company in relation to domestic sales of like goods?
  - These direct selling expenses must be included in the reconciliation of direct selling expenses in B-5

**For domestic sales, if a customer claims to have received defective merchandise, POSCO will conduct an investigation to determine whether the claim is well founded. Immediately after receiving the customer's claim, POSCO will investigate the sample received from the customer, or POSCO will send its personnel to the customer's site to investigate. Further, POSCO negotiates with the customer for appropriate compensation, if any.**

**For domestic sales, POSCO has reported the cost of warranty expense on a transaction-specific basis in the sales listing.**

4. Are there any other direct selling expenses incurred by your company in relation to export sales of the goods to Australia?
  - These direct selling expenses must be included in the reconciliation of direct selling expenses in B-5

[CONFIDENTIAL TEXT DELETED – information concerning INCOTERMS of Australian sales].

## **E-5 Other adjustment claims**

1. Are there any other adjustments required to ensure a fair comparison between the export price and the normal value (based on domestic sales, costs and/or third country sales)? If yes, provide details.
  - An adjustment will only be made where there is evidence that the difference affects price comparability.
  - Refer to Chapter 15 of the *Dumping and Subsidy Manual (November 2018)* for more information.

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**POSCO has answered the above questions fully and faithfully. Should any other differences affecting the comparison of the domestic and export sales come to the attention of POSCO due to information subsequently discovered by POSCO, or if differences not previously considered become relevant because of a calculation methodology subsequently proposed by the Commission, POSCO reserves the right to present that claim and the associated information with respect to same to the Commission at that time.**

## SECTION F THIRD COUNTRY SALES

### F-1 Third country sales process

1. Are your sales processes to any third country (i.e. exports to countries other than Australia) different to the sales process described in B-1.1? If yes, provide details of the differences.

**POSCO's sales processes concerning export sales to third countries are similar to those for Australian sales. In other words, POSCO exports its PosMAC product through trading companies to the third countries, as it does [CONFIDENTIAL TEXT DELETED – information concerning sales route] to Australia.**

2. Are there any third country customers related to your company? If yes, please provide a list of each related customer and provide details on how the selling price is set.

**As explained above, POSCO exports its PosMAC product through trading companies to third countries. These trading companies can be related or unrelated companies. POSCO provides a list of "related" trading companies in Attachment F-1.2 - List of related customers for third country sales [CONFIDENTIAL ATTACHMENT].**

3. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:

- (a) What date are you claiming as the date of sale?
- (b) Why does this date best reflects the material terms of sale?

**[CONFIDENTIAL TEXT DELETED – information about date of sale in this EQ].**

### F-2 Third country sales listing

1. Complete the worksheet named "F-2 Third country sales"
  - This worksheet lists all export sales, summarised by country and customer, to third countries of like goods invoiced within the period.
  - If you have claimed in F-1.3 that the date of sale is one other than the invoice date, then add sales with your claimed date of sale.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**POSCO provides its listing of third country sales of its PosMAC product during the investigation period at Attachment F-2.1 - Third country sales [CONFIDENTIAL ATTACHMENT].**

2. Provide a table listing the source of the data for each column in the export sales listing (F-2.1).

**The information is derived from the [CONFIDENTIAL TEXT DELETED – proprietary accounting software].**

**F-3 Differences in sales to third countries**

1. Are there any differences in sales to third countries which may affect their comparison to export sales to Australia? If yes, provide details.

**The terms of sales vary on a transaction-specific basis. This will affect comparison of third country sales to Australian sales.**

## SECTION G

### COST TO MAKE AND SELL

#### G-1. Production process

1. Describe the production process for the goods and provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify all scrap or by-products that result from producing the goods.

POSCO produces a full range of steel products at two locations in Korea, namely Pohang and Gwangyang. These factories produce a wide range of carbon steel products, including hot-rolled coil and sheet, alloy steel, cold-rolled coil and sheet, electrical coil, galvanized coil and sheet, plate, and wire rod, as well as various stainless steel coil and sheet products. PosMAC is produced at both facilities.

A general explanation of the production process is now provided.

1. **Iron making** – Iron ore and coke are first fed into a blast furnace. Inside the furnace, a steady blast of super-heated air at temperatures up to 1,200 Celsius is blown up through the raw materials creating a reaction in which the burning coke pushes the furnace temperature to the melting point for iron (1,535 Celsius). During this reaction, the carbon monoxide released from the burning coke reacts with the iron ore to remove the oxygen while the heat melts the remaining iron. This process lasts between five and six hours as the temperature gradually climbs to the melting point at which point the furnace is "tapped" to remove the molten iron.
2. **Steelmaking** - The molten iron tapped from the blast furnace has a carbon content of between 4% and 5% as well as impurities such as phosphorous and sulphur that negatively impacts the strength and durability of the metal. The hot metal is charged into a basic oxygen furnace or "converter" along with scrap. A high-pressure stream of pure oxygen is then injected into the hot metal transforming impurities into gases and slag. The result of this relatively brief process is crude steel which is used to produce semi-finished products.
3. **Continuous casting** - This process involves transforming liquid iron into solid iron. The molten steel is poured into molds and passed through a casting machine where it coagulates and becomes semi-finished products such as slabs, blooms, or billets of iron. These materials are then processed through rolling mills where different shapes are formed (e.g., slabs, blooms, or billets). The manufactured products from the both stages could be considered semi-finished products.
4. **Rolling** - The rolling process takes semi-finished steel products and runs them through a series of roller stands to improve strength or reduce thickness. Depending on the desired characteristics of the final product, rolling can be done either at ambient temperature ("cold rolled" or "CR") or at temperatures of over 1,000 Celsius ("hot rolled" or "HR").
5. **Shot blast, pickling** - The scale on the hot rolled steel and cold rolled steel can be removed completely by passing the product through the shot blast and pickling tank.

6. Galvanizing - Zn-Mg-Al is coated onto the surface of the HR / CR steel when it passes through a hot bath filled with melted metals in the proportions 94.5% Zn, 3% Mg and 2.5% Al. Once coated it then passes by the air knife which sprays high-pressure air in order to achieve the targeted coating weight.
7. Post treatment - In order to obtain the flat shape and hallmark elegant surface for which PosMAC is known, PosMAC passes through a skin pass mill. The product surface is coated with either a Chromate-free (“Cr-free”) layer or Chromate layer to improve resistance to corrosion and also to prevent any white rust.
8. Inspection – POSCO staff give the products a full inspection and determine whether the products are adequate for sale at the exit section.

As is normal in the steel industry, product scrap is both used and generated in the manufacture of the various carbon steel products. In addition, secondary utility (energy by-products), such as electricity, may be generated during the production process. POSCO’s main products are HR steels, steel plates, CR Steels, and wire rods.

A flowchart of the production process for PosMAC is provided in *Attachment G-1.1 - Flowchart of PosMAC production process* [CONFIDENTIAL ATTACHMENT]. This flowchart demonstrates the PosMAC specific stages of the production process (i.e. stages 4 to 7).

2. Are any of your suppliers related to your company (regardless of whether it is relevant to the manufacture of the goods)? If yes, please provide details including the product or services supplied by the related company.

POSCO purchases certain raw materials and services provided from related suppliers, and such suppliers may either be affiliates or subsidiaries of POSCO. POSCO provides the products and services supplied by the related company in *Attachment G-1.2 - List of related suppliers* [CONFIDENTIAL ATTACHMENT]

Please note most related suppliers are trading companies and those trading companies perform purchase activities with mark-up on behalf of POSCO. That is, the materials concerned are purchased by the related trading companies at market prices and an in-house margin is then applied to the on-sale of the materials to POSCO in a standard arm’s length manner.

## G-2. Cost accounting practices

1. Is your company’s cost accounting system based on actual or standard costs (budgeted)?

POSCO’s cost accounting system is based on standard costs. POSCO’s ERP systems fully integrate the financial and cost accounting functions.

A detailed description of POSCO’s cost accounting system is now provided.

POSCO’s ERP accounting system uses a standard cost system based on activity-based costing methodology (analogous to process costing). In the normal course of business, this system records the standard costs incurred for each item produced as it moves through the production process. The standard costs for each finished item produced are carried forward into the inventory ledgers and thus become part of the financial accounting system. A flowchart detailing POSCO’s cost accounting system is provided in *Attachment G-2.1 - Flowchart*

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*illustrating POSCO's financial and cost accounting system* [CONFIDENTIAL ATTACHMENT].

As shown in the flowchart, the cost accounting component of the ERP system is comprised of a number of modules. These modules collect the requisite information needed to calculate the standard production costs on a quarterly basis.

[CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].

**Chart 1: BOM for Material Inputs**

[CONFIDENTIAL TEXT DELETED – chart with details relating to the above]

**Chart 2: Standard Material Inputs Used to Produce 1 MT of Steel**

[CONFIDENTIAL TEXT DELETED – chart with details relating to the above]

**Chart 3: Standard Material Inputs Used to Produce 300 MT of Converter Steel**

[CONFIDENTIAL TEXT DELETED – chart with details relating to the above]

**Chart 4: Calculation of Standard Units for Resource and Overhead Items**

[CONFIDENTIAL TEXT DELETED – chart with details relating to the above]

As discussed above, the [CONFIDENTIAL TEXT DELETED – proprietary accounting software] generates the standard input costs for each item produced. The standard cost for resource and resource overhead costs are calculated using [CONFIDENTIAL TEXT DELETED – proprietary accounting software].

[CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information], [CONFIDENTIAL TEXT DELETED – proprietary accounting software].

[CONFIDENTIAL TEXT DELETED – proprietary accounting software].

[CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].

Thus, in the normal course of business, POSCO calculates manufacturing costs based upon a standard cost methodology and records this information in its inventory ledgers. However, as described in detail below, in order to report production code-specific product costs for PosMAC in accordance with POSCO's internal policies, POSCO has allocated all the relevant cost variances to the standard manufacturing cost of each product.

2. If your company uses standard costs:
- (a) Were standard costs used as the basis of actual costs in your responses G-3.1 and G-5.1?
  - (b) Have all variances (i.e. differences between standard and actual production costs) been allocated to the goods?
  - (c) How were those variances allocated?
  - (d) Provide details of any significant or unusual cost variances that occurred during the period.

**The cost of manufacture reported in this EQ response is taken directly from the production costs recorded in the ERP system detailed above. As explained, POSCO records product-specific manufacturing costs only at standard cost in its inventory ledger. All cost variances are directly transferred to the general ledger in total. For financial reporting purposes, the total cost variances are allocated to the**



**PUBLIC RECORD**

cost of sales and ending inventory balances on a monthly basis in order to reflect the actual cost of sales.

A full description of the cost reporting methodology used by POSCO is now provided. A flowchart summarizing this methodology is provided in *Attachment G-2.2a - Summary of response method* [CONFIDENTIAL ATTACHMENT].

1 [CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information]:

[CONFIDENTIAL TEXT DELETED – chart with details relating to the above]

2 [CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].

3 [CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].

A variance ratio calculation is provided in *Attachment G-2.2b - Variance calculation* [CONFIDENTIAL ATTACHMENT].

4 [CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].

POSCO's cost accounting system accumulates standard costs. POSCO records several categories of variances. A detailed description of the major variance categories is provided below:

(a) [CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].

(b) [CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].

(c) [CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information]

(d) [CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].

(e) [CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].

During the investigation period, there were no significant or unusual cost variances.

3. Do you have different cost centres in your company's cost accounting system? If yes, list the cost centres, provide a description of each cost centre and the allocation method used in your accounting system.

POSCO provides a list of all cost centres (direct and indirect) of POSCO's Pohang and Gwangyang facilities where PosMAC is produced in *Attachment G-2.4 - List of cost centres* [CONFIDENTIAL ATTACHMENT]. Because POSCO uses a process-based cost accounting methodology, POSCO's assignment of direct cost centres reflects the actual production processes. In addition, all indirect costs incurred at the Pohang and Gwangyang works are allocated to direct cost centres and thus are included in the cost of products passing through each direct cost centre.

4. To what level of product specificity (models, grades etc.) does your company's cost accounting system normally record production costs?

**PUBLIC RECORD**

**[CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].**  
**POSCO provides a key to its product code structure at *Attachment G-2.5 - Internal item code structure* [CONFIDENTIAL ATTACHMENT].**

**As shown, the item type distinguishes between finished and semi-finished goods and the product name identifies the product group.**

**[CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].**

5. Are there any costs for management accounting purposes valued differently to financial accounting purposes? If yes, provide details of the differences.

**POSCO maintains complete cost accounting systems that are fully integrated with the respective financial accounting systems and which tie to audited financial statements. Although POSCO's cost accounting system relies on standard costs, it computes actual costs by adding the relevant portion of cost variances to the standard costs. Thus, POSCO's actual costs reported in its financial statements submitted with this Section G response can be reconciled to the standard costs and relevant cost variances. All costs presented in this submission therefore tie directly to the values associated with products entering the finished goods inventory and, through this, back to POSCO's audited financial statements.**

6. Has your company engaged in any start-up operations in relation to the goods? If yes:
- (a) Describe in detail the start-up operation giving dates (actual or projected) of each stage of the start-up operation.
  - (b) State the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.

**POSCO did not engage in any start-up operations in or affecting the investigation period.**

7. What is the method of valuation for raw material, work-in-process, and finished goods inventories (e.g. last in first out –LIFO, first in first out- FIFO, weighted average)?

**POSCO adopted moving-weighted average method as the valuation method for inventories.**

**All relevant practices pertaining to POSCO's inventory valuation methodologies are detailed in its financial statements submitted in question A-4.1 above.**

**[CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].**

**In accordance with K-IFRS, all of POSCO's inventories are measured at the lower of cost and net realizable value. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period when the write-down or loss occurs. The amount of any reversal of any write-down of inventories arising from an increase in net realizable value is recognized as a reduction in the cost of goods sold in the period in which the reversal occurs**

8. What are the valuation methods for damaged or sub-standard goods generated at the various stages of production?

**POSCO inspects products at the final stage to determine whether or not the product is manufactured as ordered. If the products do not satisfy the customer's**

**PUBLIC RECORD**

order, [CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].

9. What are the valuation methods for scrap, by products, or joint products?

Scrap is generated during the production process and is reintroduced into that process. POSCO manages scrap as item code [CONFIDENTIAL TEXT DELETED – code number] in its accounting system. [CONFIDENTIAL TEXT DELETED – valuation method for scrap].

10. Are any management fees/corporate allocations charged to your company by your parent or related company? If yes, provide details

[CONFIDENTIAL TEXT DELETED – information concerning intercompany fees and charges].

**G-3 Cost to make on domestic market**

1. Complete the worksheet named "G-3 Domestic CTM".

- This worksheet lists the quarterly cost to make the domestic models of like goods by MCC manufactured within the period, even if they are models not exported to Australia.
- The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold) for each MCC.
- If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture like goods, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as 'other costs' if not already included, for example, under material costs.
- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.
- If you have claimed in B-1.8 and/or D-1.7 that the date of sale is one other than the invoice date, then provide the cost for the quarters that all domestic sales are made within your claimed date of sale, even if doing so means that such cost data predates the commencement of the period.

POSCO provides the actual unit cost to make and sell each model sold on the domestic market in the spreadsheet named as "G-3 Domestic CTM" in *Attachment G-3.1 – Domestic CTM* [CONFIDENTIAL ATTACHMENT].

POSCO's ERP system collects the requisite information needed to calculate the standard production costs on a quarterly basis, as explained in the response to question G-3.1. Therefore, the cost data in the spreadsheet is reported on a quarterly basis over the investigation period.

2. Provide a table listing the source of the data for each column of the "G-3 Domestic CTM" listing.

Please see *Attachment G-3.2 - Source of data for each column in G-3.1 Domestic CTM* [CONFIDENTIAL ATTACHMENT].

[CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].

## G-4 Selling, General & Administration expenses

1. Complete the worksheet named "G-4.1 SG&A listing".
  - This worksheet lists all selling, general and administration expenses by account code for the most recent accounting period and the period.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**POSCO provides the spreadsheet named as "G-4.1 SG&A listing" in Attachment G-4.1 - SG&A [CONFIDENTIAL ATTACHMENT].**

2. Complete the worksheet named "G-4.2 Domestic SG&A calculation".
  - This worksheet calculates the unit domestic SG&A for each MCC.
  - You must provide this list in electronic format using the template provided.
  - Please use the formulas provided.

**POSCO provides the spreadsheet named as "Attachment G-4.2 Domestic SG&A calculation" in Attachment G-4.2 - Domestic SG&A Calculation [CONFIDENTIAL ATTACHMENT].**

## G-5 Cost to make the goods exported to Australia

1. Complete the worksheet named "G-5 Australian CTM".
  - This worksheet lists the quarterly cost to make the Australian models of the goods under consideration by MCC manufactured within the period.
  - The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold) for each MCC.
  - If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture the goods, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as 'other costs' if not already included, for example, under material costs.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.
  - If you have claimed in B-1.8 that the date of sale is one other than the invoice date, then provide the cost for the quarters that all Australian sales are made within your claimed date of sale, even if doing so means that such cost data predates the commencement of the period.

**POSCO provides the actual unit cost to make and sell each model exported to Australia in the spreadsheet named as "G-5 Australian CTM" in Attachment G-5.1 - Australian CTM [CONFIDENTIAL ATTACHMENT]. As per the manner of reporting the data in "G-3.1 Domestic CTM", the cost data in the spreadsheet is reported on a quarterly basis over the investigation period and also reported in Korean Won (KRW).**

2. Provide a table listing the source of the data for each column of the "G-5 Australian CTM" listing.

Please see *Attachment G-5.2 - Table listing the source of the data for G-5.1* [CONFIDENTIAL ATTACHMENT].

## G-6 Cost allocation method

1. What is the allocation method used to complete in G-3 domestic CTM and G-5 Australian CTM for:
  - (a) Raw materials
  - (b) Labour
  - (c) Manufacturing overheads

[CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information]

2. Select the domestic model (export model if you have no domestic production of like goods) with the largest production volume over the period and provide worksheets demonstrating the allocation method described in G-6.1 from your normal cost accounting system to the cost for that model reported in G-3.1.

Please see *Attachment G-6.2 - Domestic model sample calculation* [CONFIDENTIAL ATTACHMENT].

## G-7 Major raw material costs

1. What are the major raw materials used in the manufacture of the goods?

As explained above, the primary raw materials used in the production of PosMAC are coal, iron ore, and coating materials. Coal and iron ore each constitute more than 10% of the total cost to make.

2. Are any raw materials sourced as part of an integrated production process or from a subsidiary company which your company exercise control? If yes, complete the worksheet named “G-7.2 Raw material CTM” for these raw materials.
  - This worksheet lists the quarterly cost to make the raw material manufactured within the period.
  - The costs must be based on actual cost of production (i.e. not standard costs or cost of goods sold).
  - If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture the raw material, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as ‘other costs’ if not already included, for example, under material costs.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

POSCO provides the details of raw materials sourced as part of an integrated production process in the worksheet named “G-7.2 Raw material CTM” in *Attachment G-7.2 - Raw material CTM\_HR-CR* [CONFIDENTIAL ATTACHMENT].

As explained above, POSCO produces a full range of steel products including the goods under consideration. Hot-rolled steel and cold-rolled steel are considered

**PUBLIC RECORD**

**as the semi-finished products in the production of PosMAC product. Since HR / CR steels can be either sold as the finished goods or introduced into another manufacturing to produce other finished goods like PosMAC, the cost of production reported in the worksheet is calculated [CONFIDENTIAL TEXT DELETED – detailed cost and cost recording information].**

3. Using the domestic cost data in “G-3 Domestic CTM” (use “G-5 Australian CTM” if you have no domestic production of like goods), calculate the weighted average percentage of each raw material cost (listed in G-7.1) as a proportion of total cost to make.

**Please see *Attachment G-7.3 - Raw material costs* [CONFIDENTIAL ATTACHMENT].**

4. For each raw material identified in G-7.3 which individually account for 10% or more of the total cost to make, complete the worksheet named “G-7.4 Raw material purchases”
- This worksheet lists all raw material purchases (i.e. transaction by transaction) purchased by your company within the period.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

**POSCO provides the spreadsheet named as “G-7.4 Raw material purchases” in *Attachment G-7.4 – Raw material Purchases* [CONFIDENTIAL ATTACHMENT].**

**POSCO has reported the two major inputs as mentioned above in the response to G-7.1.**

5. Provide a table listing the source of the data for each column of the “G-7.4 Raw material purchases” listing.

**Please see *Attachment G-7.5 - Source of data for each column in G-7.4 RM purchases* [CONFIDENTIAL ATTACHMENT].**

6. For each raw material:
- (a) Select the two largest invoices by value and provide the commercial invoice and proof of payment.
  - (b) Reconcile the total value listed of the purchases listed in “G-7.4 Raw material purchases” to relevant purchase ledgers or trial balances in your accounting system. Provide copies of all documents used to demonstrate the reconciliation.

**Please see *Attachment G-7.6a - Sample invoices of raw material purchases* [CONFIDENTIAL ATTACHMENT] and *Attachment G-7.6b - Raw material reconciliation* [CONFIDENTIAL ATTACHMENT].**

7. Are any of the suppliers in “G-7.4 Raw material purchases” listing related to your company? If yes, please provide details on how the price is set.

**As explained above, POSCO purchases certain raw materials from related suppliers and such related suppliers may either be affiliates or subsidiaries of POSCO.**

In Attachment G-7.4, POSCO has provided the total quantity and value of the main raw materials such as coal, iron ore and zinc purchased from related and unrelated suppliers during the POI and average unit purchase price.

[CONFIDENTIAL TEXT DELETED – information concerning related and unrelated party suppliers].

## **G-8 Reconciliation of cost to make to audited financial statements**

1. Please complete the worksheet named “G-8 Upwards costs” to demonstrate that the cost listings in G-3 and G-5 are complete.
  - You must provide this list in electronic format using the template provided.
  - Please use the currency that your accounts are kept in.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

POSCO provides the spreadsheet named as “G-8 Upwards costs” in *Attachment G-8.1 – Upwards costs* [CONFIDENTIAL ATTACHMENT].

2. Please provide any documents, other than those in A-4, G-3 and G-5, required to complete the “G-8 Upwards costs” worksheet.

Please see *Attachment G-8.1 – Upwards costs* [CONFIDENTIAL ATTACHMENT] which also contains the supporting documents.

3. For any amount that is hard coded (i.e. not a formula), please cross-reference by providing:
  - the name of the source document, including the relevant page number, in column D of the worksheet; and
  - highlight or annotate the amount shown in the source document.

Please see *Attachment G-8.1 – Upwards costs* [CONFIDENTIAL ATTACHMENT] which also contains the source documents.

## **G-9 Capacity Utilisation**

1. Please complete the worksheet named “G-9 Capacity Utilisation”.
  - You must provide this list in electronic format using the template provided.
  - If you have used formulas to complete this worksheet, these formulas must be retained.

POSCO provides the spreadsheet named as “G-9 Capacity Utilisation” in *Attachment G-9.1 - Capacity Utilisation* [CONFIDENTIAL ATTACHMENT].

## EXPORTER'S DECLARATION

I hereby declare that POSCO has completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

Name : Cho, Daehee

Signature : *Cho . Daehee*

Position in Company : Manager

Date : 26th of August