

Sustainability Report

2019/20

For internal use only



We create and inspire smart solutions in steel, to strengthen our communities for the future.

Our Bond

OUR CUSTOMERS ARE OUR PARTNERS

Our success depends on our customers and suppliers choosing us. Our strength lies in working closely with them to create value and trust, together with superior products, service and ideas.

OUR PEOPLE ARE OUR STRENGTH

Our success comes from our people. We work in a safe and satisfying environment. We choose to treat each other with trust and respect and maintain a healthy balance between work and family life. Our experience, teamwork and ability to deliver steel inspired solutions are our most valued and rewarded strengths.

OUR SHAREHOLDERS ARE OUR FOUNDATIONS

Our success is made possible by the shareholders and lenders who choose to invest in us. In return, we commit to continuing profitability and growth in value, which together make us all stronger.

OUR COMMUNITIES ARE OUR HOMES

Our success relies on communities supporting our business and products. In turn, we care for the environment, create wealth, respect local values and encourage involvement. Our strength is in choosing to do what is right.

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BlueScope sustainability highlights

Launched
Our Purpose,
developed by

>450
EMPLOYEES

\$1.47_{BN}
shareholder returns since FY2017

Balanced
HSE indicators
for severity, capability
and risk management

Founding member
of the Industry Emissions
Transitions Initiative

Recognised as
Inclusive Employer
2019-2020 Australian Steel Products

First Modern
Slavery Statement
released



46%
recovered and
recycled scrap use



>\$1_M donated Australian
bushfire response

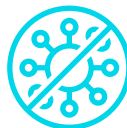
Hosted
ResponsibleSteel™
standard launch



3-year
average ROIC
>15%



COVID-19-safe
operations



Scope 3
emissions
reported



Global Inclusion and
Diversity Strategy
developed



103
supplier assessments
completed



COLORBOND®
steel cool roof used
in Australia's first
Living Building



\$657_M
tax payments
contributed globally



worldsteel
2019 Sustainability
Champion



Financial
liquidity of over
\$3_{BN}



Successful pilot in
new HSE leadership
practices



Continuing
\$1_{BN} investment
in North Star expansion of low
emission steelmaking capacity

At least **40%**
female representation
on Executive Leadership
Team and Board



Sustainable supply
chain training
delivered in

9
COUNTRIES

7,000_{ML P.A.}
recycled water agreement
Port Kembla Steelworks

Supported local
communities and
charities through
COVID-19



Managing Director and CEO's Message

Mark Vassella
Managing Director & CEO



Welcome to BlueScope's FY2020 Sustainability Report. This year's report comes as COVID-19 has created an unprecedented challenge for our business, the global economy and society at large. I cannot express enough my pride in the people of BlueScope for the way in which they have responded to a challenge of this scale.

From widespread facility and supply chain disruption, to reworked health and safety planning and rapidly implementing remote work arrangements, our people have shown strength and resilience to succeed through significant and rapid change. BlueScope is well placed to succeed through periods of uncertainty, with a geographically diverse business model, strong balance sheet and highly capable people ready to adapt and respond as challenges arise.

This year's report proudly recognises the launch of Our Purpose; *We create and inspire smart solutions in steel, to strengthen our communities for the future.* I believe Our Purpose speaks to who we are and what we value as a global team – 'creating strength' with confidence, optimism and working together; transforming BlueScope for the realities of a competitive and fast-changing economy, inspiring our customers with sustainable choices and supporting the global shift to a low carbon economy.

Steel is a critical enabler of sustainable development, underpinning the transition to a low carbon future. Climate change is prominent in our Corporate Strategy, recognising the opportunities and challenges posed for our business and sector. We continue to investigate appropriate decarbonisation pathways and timeframes for our operations. Our recently established Climate Change Council oversees our actions in this area, and is further demonstration of our intent to embed decarbonisation as part of core business for a strong future. Over the coming year we will refresh our climate scenario analysis, which will help form the basis for our long-term emission reduction aspirations which we expect to release in our FY2021 Sustainability Report.

At BlueScope we are building on our strong foundations in health, safety and environmental (HSE) management by adopting new ways of thinking about risk. This means thinking holistically about what's dangerous to people or the environment and leveraging the knowledge and experience of our people to find ways to prevent harm from happening.

On 6 May 2020, we received the tragic news that a contractor was fatally injured while working at the berth at the Port Kembla Steelworks. Our thoughts remain with the contractor's family, friends and co-workers and our colleagues, as well as medical and security services personnel who attended the scene. Teams across our global business have paused to reflect and contemplate their own work environments for opportunities to further improve our critical risk controls.

Sustainable and responsible supply chains have been at the forefront of how we operate since BlueScope's inception in 2002, and we recognise the key role of suppliers to our success. This year marks the introduction of standalone reporting to meet the requirements of the Australian Modern Slavery Act, and I encourage you to read our *Modern Slavery Statement* along with the broader disclosures in this Sustainability Report for a complete view of how we are working to strengthen our supply chain performance.

The ResponsibleSteel™ Standard was launched this year, a truly multi-stakeholder effort driven by BlueScope's passion to promote the sustainable attributes of steel and recognise best practice in the steel supply chain. We are encouraged by the role the Standard can play in lifting the performance of our sector, and we will demonstrate our leadership role by seeking certification for our Port Kembla Steelworks by the end of 2021.

I thank everyone at BlueScope for their contribution to our sustainability outcomes this year. May we continue to inspire each other as we strengthen our business and build stronger communities for the future.

Mark Vassella, Managing Director and CEO

Who we are and what we do

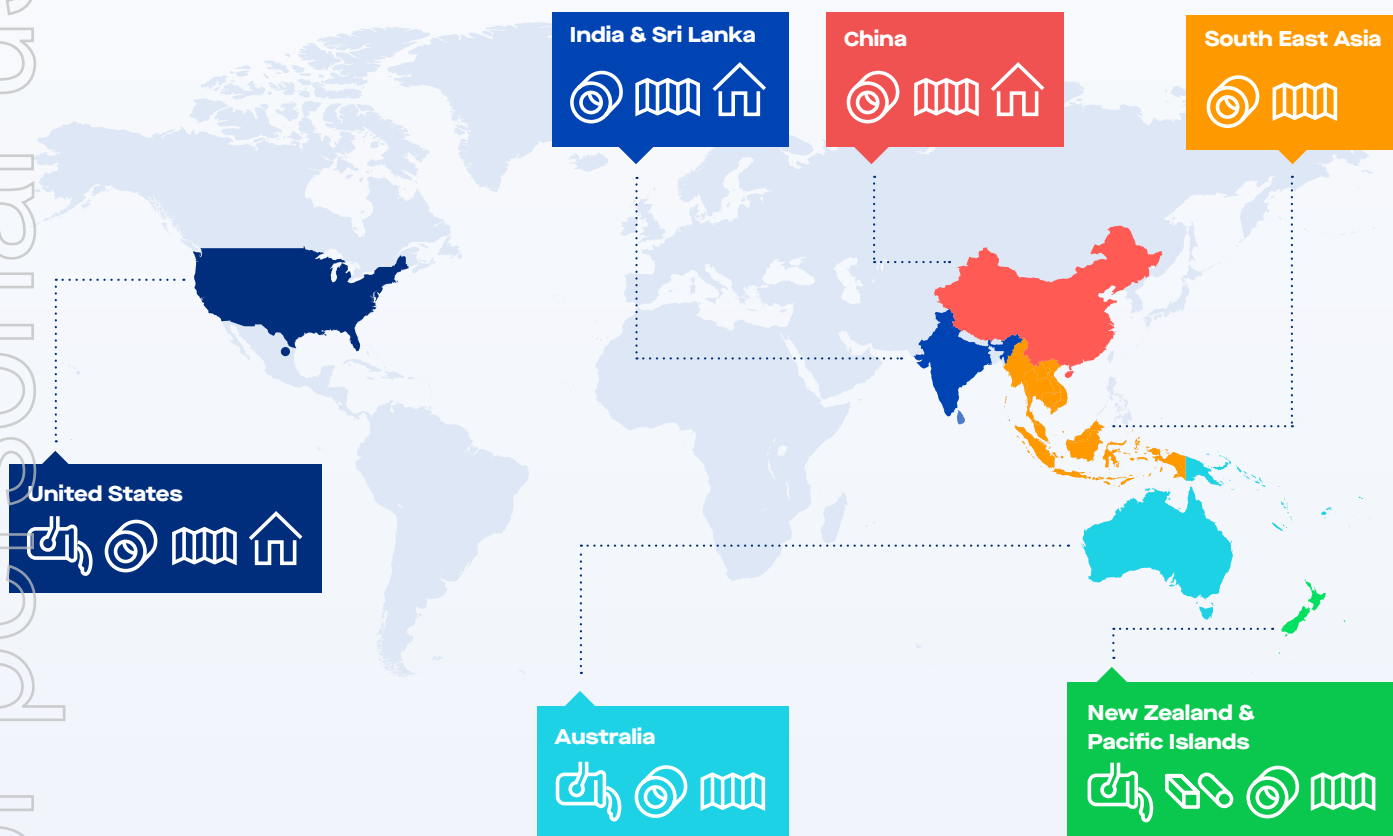
BlueScope is one of the largest global producers of metal coated and painted steel building products.

We directly employ over 14,000 people across manufacturing, processing, distribution and sales channels globally. These range from small product storage sites to our core steel making facilities in Australia, New Zealand and North America.

Our businesses

Australian Steel Products
North Star BlueScope Steel
New Zealand and Pacific Islands
Building Products Asia and North America
Buildings North America

Our operations across South East Asia and the west coast of North America are in partnership with Nippon Steel Corporation (**NS BlueScope Coated Products**) with day to day operations managed by BlueScope. In India we operate in partnership with Tata Steel (**Tata BlueScope Steel**) with day to day operations managed by Tata Steel.



Scale of our organisation

(as at 30 June 2020)

TOTAL NUMBER
OF EMPLOYEES

14,077

TOTAL NUMBER
OF OPERATIONS

>160

SALES
REVENUE

\$11.3_{BN}

TOTAL
CAPITALISATION

\$5.9_{BN}

SALES
VOLUME

7,083_{KT}

KEY



Steelmaking
(flat products)



Metal coating
and painting



Long products
(rebar, wire)



Steel buildings
and systems



Steel building materials
and components

How we approach Sustainability

Our approach to sustainability underpins the strength of our business, taking a balanced view of business objectives, broader trends and stakeholder interests.

Our approach begins with Our Purpose, Our Bond and our Strategy.



Our Purpose

We proudly launched Our Purpose this year. Our Purpose speaks to why we operate and where we want to be – to see our people work together to inspire our customers, meet our sustainability commitments, deliver value to our shareholders and strengthen communities for the long term.

Our Purpose was created through the contribution of employees and other stakeholders, with more than 450 people giving their perspective in workshops held across our global operations.

Our Purpose reflects our capacity and intent to deliver on our sustainability commitments:

- » **We create and inspire** – We are a proud and trusted steel manufacturer, providing essential and enduring products for the benefit of modern society.
- » **Smart solutions in steel** – Our innovative and quality steel products help our customers realise their vision.
- » **To strengthen our communities** – Our people are our strength and our communities are our homes. We aim to provide a great place to work, we operate with integrity and support our local communities through economic participation, partnership and caring for the environment.
- » **For the future** – We are building strength in our business, our communities and our people for future, shared success.

We create and inspire smart solutions in steel, to strengthen our communities for the future



Our Bond

Our Bond recognises the importance of our stakeholders and expresses the values that have served to guide our decisions and actions since BlueScope was established in 2002. Since then, Our Bond has been an enduring demonstration of how our success is underpinned by the support of, and partnerships with, our key stakeholders.



See Our Bond on the inside front cover of this Report.

Our Strategy

Refreshed this year, our corporate strategy is our plan for delivering strong returns and sustainable outcomes over the next five years and beyond. The strategy aims to for transformation and growth, while continuing to deliver on core expectations for our stakeholders. Core elements of our strategy include investment in carbon reduction technologies, product and service innovation and delivering a safe, inclusive and diverse workplace.



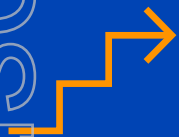
Our Corporate strategy is outlined in our **FY2020 Directors' Report**, available on our website.

The realisation of Our Purpose, Our Bond and Corporate Strategy is underpinned by operating principles and standards including our Guide to Business Conduct and our Group Risk Appetite and Risk Management Principles.

Together, these elements define the way BlueScope develops, manufactures and sells steel products and solutions, while building our own resilience and capacity to drive a sustainable future. Read more in *Risk management* and *Choosing to do what is right* on page 12.

Our sustainability outcomes

Our Report is structured around the five sustainability outcomes for our business, our stakeholders and the places where we operate. Our outcomes are the intended result of achieving Our Purpose, and reflect the sustainability challenges and opportunities that matter most to our stakeholders and our success.



Sustainable & enduring business

Operate and transform our business for long-term success with good governance, capital discipline, customer focus and innovation



Safe & inclusive workplaces

Create safe, healthy, and inclusive workplaces that value diversity, inspire creativity, support capability and reflect the communities where we operate



Climate change action

Collaborate and act to reduce our impact on shared resources, mitigate climate risks and leverage opportunities/embrace breakthrough technologies



Responsible products & supply chains

Foster responsibility and collaboration in our operations and supply chains to provide smarter steel solutions and support a circular steel economy



Strong communities

A responsible community employer and partner, respecting local values and sharing success

We regularly review our material sustainability topics to understand what matters most to our stakeholders and to inform our strategic approach. Read more about our refreshed materiality assessment on page 78.

Supporting the Sustainable Development Goals

BlueScope supports the United Nations (UN) Sustainable Development Goals (SDGs), a call for global action that aligns with our efforts to drive sustainable business outcomes. We have aligned our sustainability outcomes to relevant SDGs in the diagram below. Our performance against these goals is further underpinned by SDG17, which recognises the importance of partnership and collaboration along the steel value chain. We also recognise the importance of SDG16 which aims to reduce corruption and bribery in all its forms.

Throughout the report we provide many examples of how our business and our people contribute to the achievement of the SDGs.

SDG spotlight: Road safety

Road safety is a key SDG topic and one that is critical to our operations, as a significant amount of our finished goods leave our sites by road. SDG 3.6 aims to halve the number of global deaths and injuries from road traffic accidents by 2020.

We recognise the important role we can play through collaboration with logistics providers and contractors to improve road safety. This year we have contributed in a number of ways, including the development of load restraint training, partnering with awareness agencies and engagement with regulators around the world. Read more about these initiatives on pages 32 and 56.



Sustainability outcomes	Sustainability topics		Sustainable Development Goals
01 Sustainable and enduring business	Governance		 
	Business strength and resilience	>	
	Transformation		
02 Safe and inclusive workplaces	Safety, health & wellbeing	>	  
	Organisational capability & inclusion		
03 Climate change action	Climate change & energy	>	  
	Water stewardship		
04 Responsible products and supply chains	Sustainable products	>	  
	Environmental management		
	Supply chain sustainability		
05 Strong communities	Community engagement & support	>	
	Economic contribution		

Creating strength along the steel value chain

RELIABLE, RESPONSIBLE AND LOCAL SOURCING

Quality inputs from predominantly local suppliers. Engagement and collaboration supports responsible practices

➤ Page 50

SAFE AND INCLUSIVE WORKPLACES

Building capability and supporting the health and safety of our people

➤ Page 28

ENDURING SOLUTIONS

Long-lasting and continuously recyclable products support the circular economy

➤ Page 61

STRONG GOVERNANCE

Robust governance mechanisms and stakeholder transparency

➤ Page 10

INDUSTRY COLLABORATION

Working with industry partners to address shared challenges and drive innovation and share knowledge

➤ Page 13, 45, 62-67





ENGAGED COMMUNITIES

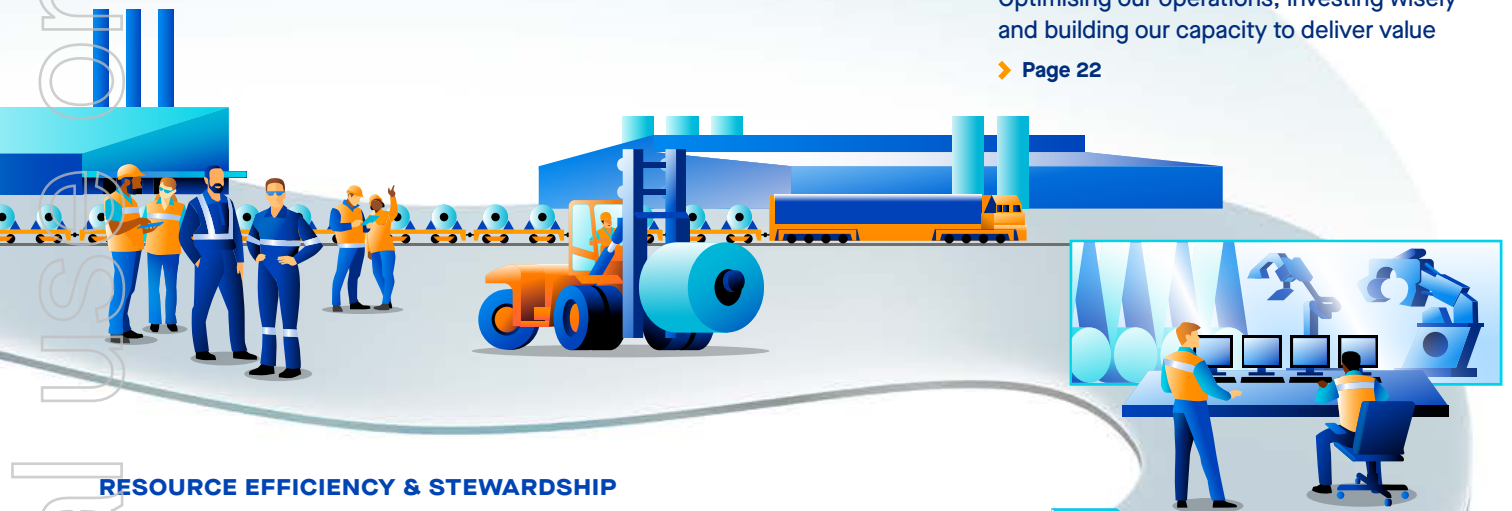
Supporting local employment and supply, contributing responsibly and protecting the environment

➤ Page 68

TRANSFORMATION AND STRENGTH

Optimising our operations, investing wisely and building our capacity to deliver value

➤ Page 22

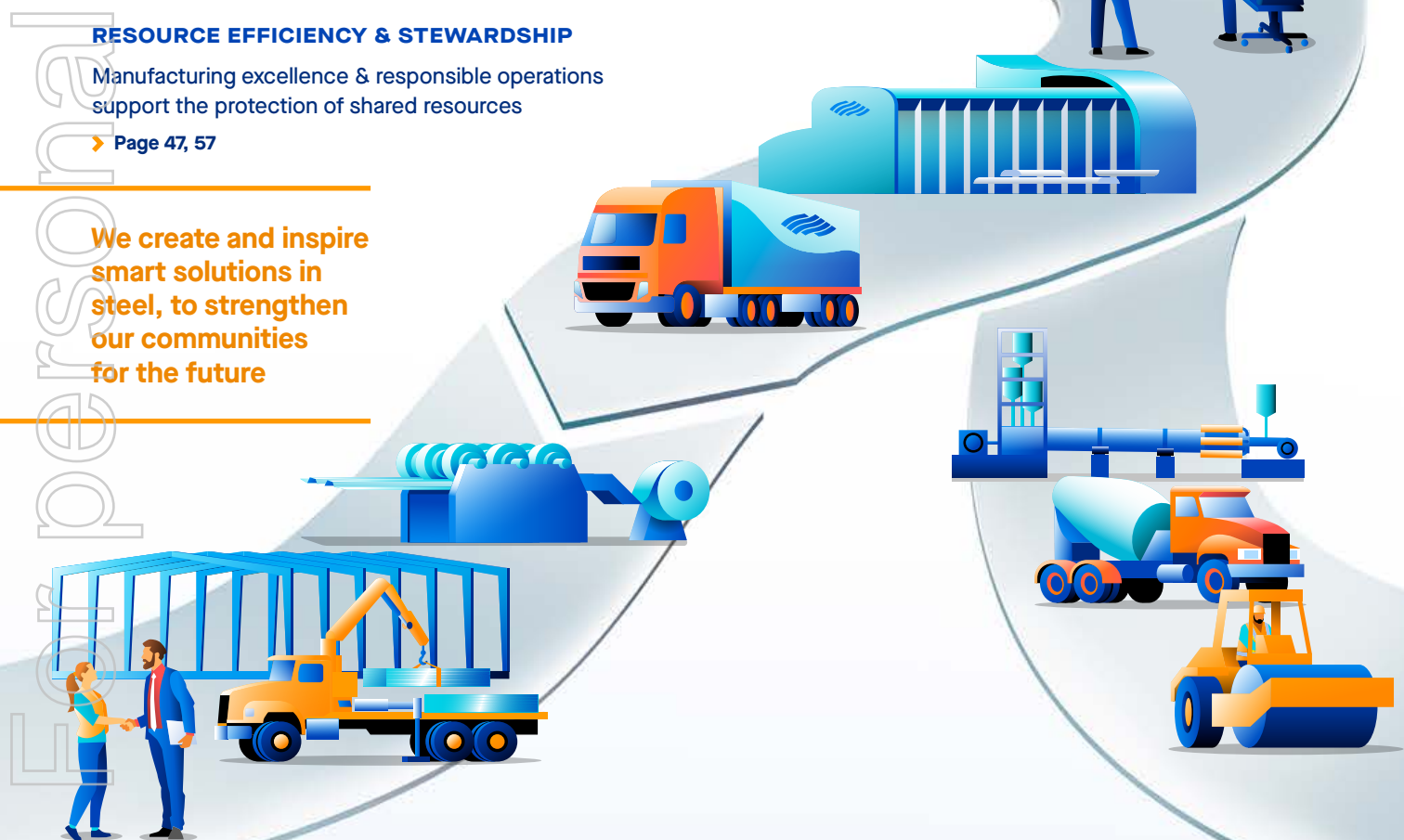


RESOURCE EFFICIENCY & STEWARDSHIP

Manufacturing excellence & responsible operations support the protection of shared resources

➤ Page 47, 57

We create and inspire smart solutions in steel, to strengthen our communities for the future



CUSTOMER-LED

Working with customers to create and inspire innovative and enduring solutions that support sustainable development

➤ Page 26

VALUED CO-PRODUCTS

Converting production waste into value-added inputs for other sectors, displacing raw material consumption

➤ Page 60

Governance

Our commitment to sustainable governance is led from the top, with clear accountabilities for oversight and implementation of our sustainability commitments.

Our Board, with the assistance of its Committees, oversees all sustainability matters, while day to day accountability rests with management. Sustainability topics are a key focus and are regularly discussed at Board and Committee meetings.

In FY2020 we welcomed Kathleen Conlon as a new independent Director to our Board. Kathleen's appointment follows the retirement of Lloyd Jones at the Company's Annual General Meeting in November 2019.

The Board has established the following Committees and leadership structure:

BlueScope Board

Risk & Sustainability Committee

- » Risk management
- » Overseeing sustainability strategy
- » Business conduct, ethics and compliance
- » Corporate governance

Health, Safety & Environment Committee

- » Monitoring compliance with HSEC policy and legislation
- » Reviewing HSEC risks and controls
- » Overseeing BlueScope's management of HSEC hazards and incidents

Remuneration & Organisation Committee

- » Overseeing people strategy
- » Overseeing remuneration practices and ensuring they provide value for shareholders
- » Fair reward and succession planning

Audit Committee

- » Internal controls
- » Internal and external audit
- » Financial reporting

Nomination Committee

- » Board evaluation
- » Board renewal and succession planning
- » Managing Director & CEO and Board Chair succession planning

Executive Leadership Team (ELT)

- » Deliver on Group business strategy, develop governance systems, operating approach and culture
- » Review Group sustainability and climate strategy, governance processes, performance monitoring and reporting

Sustainability Council

These groups include members of ELT, Functional leads and Business representatives

Functional-specific Leadership Teams

(e.g Central Safety Committee, Climate Change Council)

» Strategy implementation

» Monitoring risks and emerging trends

» Stakeholder engagement



Further details regarding our governance structures, including Directors' skills, Committee memberships and meeting attendance can be found in our FY2020 Corporate Governance Statement and FY2020 Directors' Report, available on our website.

Our values are leader-led and key to safeguarding BlueScope's reputation. The Executive Leadership Team (ELT) instils and monitors adherence to our values, in the interests of shareholders, employees, customers, suppliers and the communities in which we operate. Our direction, strategies and financial objectives are all set by the Board, ensuring that the necessary resources are in place to meet those objectives and that performance is regularly assessed and monitored.

Executive Remuneration

BlueScope's remuneration framework plays an important role in motivating executives to deliver sustainable profitability across the cycle and aligned with the creation of shareholder value. The Board therefore takes great care to ensure that, as the business priorities evolve, so too do BlueScope's remuneration arrangements.

All members of the ELT have a component of their short-term incentive (STI) linked to specific sustainability measures aligned to BlueScope's material sustainability topics. These measures give the ELT a clear line of sight to the topic and ensure they can directly contribute to performance through their actions. Safety performance is a core element of each executive's remuneration in the STI scorecard. The Managing Director and CEO and the leaders of steelmaking sites also have specific objectives linked to BlueScope's climate change strategy and emissions intensity reduction target.

In FY2021, the Safety measure in the STI scorecard will change from the no fatalities/LTIFR gateway and MTIFR¹ target, to a gateway of no fatalities, a Total Recordable Injury Frequency Rate (TRIFR) target, and a requirement to meet additional leading indicators in order to achieve BlueScope's agreed performance target or above.

Other measures within the STI include key Group and business unit annual financial measures, and individual strategic projects linked directly to each executive's immediate role as well as longer term business plans.



Further information on executive remuneration policies and FY2020 performance can be found in our *FY2020 Directors' Report* available on our website.

Corporate governance review

This year we progressed key actions in response to emerging stakeholder expectations and disclosure requirements.

The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) was released in February 2019 and will apply to the Company in FY2021. The 4th edition contains a number of developments which relate to corporate governance policies and structures. The Company has undertaken a reconciliation of its governance practices against those outlined in the 4th edition and considers that we largely comply. The Company continues to address the remaining issues, which are not substantive, to enable it to report against the 4th edition for FY2021.

As reported in prior years, the Board has undertaken a comprehensive review of the recommendations and commentary in the Australian Prudential Regulation Authority's (APRA) report into the Commonwealth Bank of Australia, where those recommendations have application to non-bank regulated companies. This review confirmed that our governance and risk practices are robust. Nonetheless, areas for improvement were identified and a program of work developed. That program of work has effectively been completed. The more material changes included a complete revision of all our Board and Committee Charters, which are available on our website. A revised approach to preparation of Board and Committee papers, which was endorsed by the Risk and Sustainability Committee, has also been adopted.



¹ LTIFR – Lost Time Injury Frequency rate
MTIFR – Medical Treatment Injury Frequency Rate

Risk Management

The Board recognises that a sound culture, supported by a strong framework of risk management policies, procedures and controls, is fundamental to good corporate governance. Compliance with regulatory requirements and industry standards is paramount. The Board approves the Group's risk appetite and satisfies itself that an appropriate risk management framework is in place for both financial and non-financial risks.

We recognise that shareholders and other stakeholders seek transparency to understand how individual businesses are responding to emerging risks and technologies, and whether they have the right skills to identify and exploit opportunities while managing risks.

BlueScope's approach to risk management through a structured and consistent framework is in line with our business model and management approach. This is seen not as a separate function, but as a core and integral component of doing business – a part of all key business decisions.

First line business unit leaders have a clear and unequivocal responsibility to consider and manage risk in their decision making. Second line centres of excellence provide support and guidance for identification and management of risk, while Internal Audit provides third line independent assurance to senior management and the Board.

Our Group Risk Appetite and Risk Management Principles govern our approach to risk. Financial and non-financial risks are considered in the following categories, with baseline expectations and accountabilities defined:

- » Compliance and Ethical Conduct
- » Health, Safety, Environment & Communities
- » People and Remuneration
- » Markets and Products
- » Operations
- » Financial
- » Technology

In FY2020 the Group Risk Appetite and Risk Management Principles were updated following feedback from the ELT and the Board. Each business unit's performance against the Group Risk Appetite and Risk Management Principles is monitored each quarter and the consolidated metrics reported to the Risk and Sustainability Committee (RSC) of the Board.



Further information relating to our risk management approach is available in our FY2020 Directors' Report on our website.

Refreshing our approach

CHOOSING TO DO WHAT IS RIGHT

At BlueScope we aim to act fairly, ethically and with integrity, helping to create lasting benefits for our customers, people, shareholders and community.

Our global Speak Up Policy was updated this year as part of our commitment to treating people who report matters with respect and ensuring they are supported and protected. The updated Policy is available in nine languages, and has been made widely available to our employees, suppliers and members of the public.

Our revised Guide to Business Conduct will be launched in FY2021, to ensure our expectations are clearly communicated and provide our people and external stakeholders with relevant and practical guidance to assist them to make good decisions and act consistently with our expectations.

Ethics and compliance

At BlueScope we have a duty to our colleagues, customers, investors and the communities in which we operate to act in an ethical and honest manner. Our Bond and Guide to Business Conduct together with our Policies and Standards define how we expect our stakeholders to act, to ensure the decisions they make are lawful, ethical and honest. We also expect our business partners (including our third party and agent representatives, suppliers and contractors) to be familiar with and uphold the requirements set out in our Guide to Business Conduct as well as our Supplier Code of Conduct, Responsible Sourcing Standard and Statement of Human Rights. Read more about how we work with suppliers in *Supply Chain Sustainability*.

We want to support a culture where people feel comfortable asking questions about appropriate conduct and behaviour. We encourage our employees and other stakeholders to speak up if they become aware of or reasonably suspect that something is not right at BlueScope, and we are committed to protecting people who make genuine disclosures from any reprisal or detrimental action.

Our Ethics and Compliance (E&C) function supports our business units to manage and control compliance risk. With specialist E&C resources embedded in our businesses, we are focussed on strengthening our compliance culture by enhancing our policy framework, building awareness through training and regular engagement with our employees and fostering a culture of proactive reporting.

At the time of writing, based on what we know, the Australian Competition and Consumer Commission (ACCC) has commenced civil proceedings against

BlueScope and a former employee alleging contraventions of the Australian competition law cartel provisions. These civil proceedings remain ongoing.



BlueScope's Guide to Business Conduct, 'Speak Up' policy and details about our Speak Up Hotline are available on our website.

Industry Associations

In FY2020 we published an Industry Associations Governance Standard. The Standard details the five principles which guide our membership of industry associations, and the processes by which we assess alignment between the public policy positions of the industry association and BlueScope's position as stated in its Sustainability Report or other public documents.

The standard requires that at least once a year, a nominated BlueScope representative (or delegate) will assess the public policy positions taken by industry associations on matters of significance to the Company, specifically: health, safety and environment; climate change and energy; people and workplace relations; trade and industrial policy; and taxation and economic policy.

The annual summary of the assessments is reported to the Board's RSC. We believe that in relation to the matters of significance mentioned above, in FY2020 there were no material differences between BlueScope policy and the policy positions of the six largest industry associations in Australia that BlueScope is a member of.²

High standard
of corporate
governance

CORPORATE CONFIDENCE INDEX SURVEY

BlueScope regularly monitors investor perceptions of its performance through the Corporate Confidence Index (CCI). BlueScope was rated in the top five against other major Australian listed companies in the April 2020 CCI survey for each of the measures listed below:

- » Effective Board
- » Good access to senior management

- » High standard of corporate governance
- » Judgement in acquisitions, divestments and investments
- » Effective capital management
- » Communicates well with investment community
- » High level of integrity
- » Good market disclosure
- » Informative management briefings.

² Australian Industry Group (AiGroup), Australian Industry Greenhouse Network (AIGN), Australian Steel Institute (ASI), Business Council of Australia (BCA), Energy Users Association of Australia (EUAA), Manufacturing Australia (MA)

The future of steel

At BlueScope, we see a strong future for steel. It is a critical enabler of the achievement of the UN Sustainable Development Goals and, supported by continued demand, presents a strong opportunity to transition to a low-carbon, circular economy.



Demand for an essential material

Steel's strength, durability and adaptability make it a material of choice for buildings, infrastructure and light weight transport applications, and many other sectors. Steel is also a critical input for the transition to a clean energy future, being a key material for wind turbines, hydropower and solar power, as well as electricity transmission infrastructure.

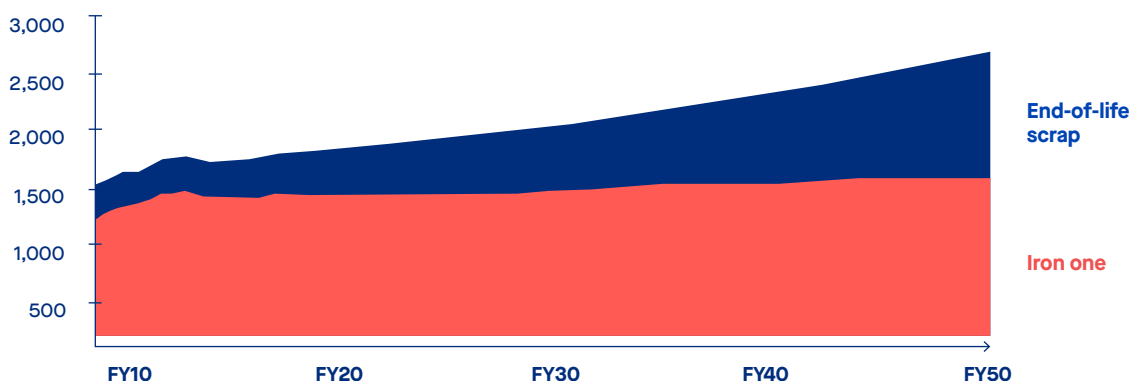
The material is well placed to lead in a circular materials economy – one where resources and materials are kept in use for as long as possible and then repaired, reused, returned or recycled. Steel's recyclability is unmatched by other material groups, being easily recovered and retaining its valuable properties when transformed into new products.

While the total demand for steel is anticipated to increase for decades to come, a greater focus on opportunities for steel can reduce the sector's impact on the world's carbon budget. BlueScope is working collaboratively to understand market shifts and opportunities to accelerate a circular steel economy.

While steel's use in renewable energy applications reduces overall greenhouse gas emissions (GHG) compared to the use of traditional energy sources, the production of steel currently remains energy intensive. The iron and steel sector contributes globally between 7 per cent and 9 per cent of direct greenhouse gas emissions³. With its long-lived capital assets, high reliance on metallurgical coal, limited alternative production technologies and exposure to international trade, the sector is often described as 'hard-to-abate'.

At around 1.8 billion tonnes of production per year globally⁴, steel is the second most abundant man-made bulk material on earth, after cement⁵. Experts such as the International Energy Agency (IEA) and the World Steel Association (worldsteel) expect global demand for steel to continue to increase for many decades, driven by emerging economies, energy infrastructure and use as a fundamental building material for growing populations.

STEEL DEMAND OUTLOOK (million tonnes)



Source: Material Economics (2018), The Circular Economy – a Powerful Force for Climate Mitigation.

Climate challenge

BlueScope has a strong history of participating in research and development initiatives, including the opportunity to replace coal with biochar, and research to capture carbon rich waste gas streams for conversion into fuel and chemical products.

BlueScope supports the Paris Agreement on climate change, recognising that the global economy must transition to net zero by the middle of this century to limit global increases in temperature to well below 2 degrees. For the steel sector to contribute, the future of iron and steelmaking will need to be centred around breakthrough technology.

We see the challenges to decarbonising the steel industry being:

- » Finding and implementing new, breakthrough iron and steelmaking technologies that do not rely on fossil fuels, while remaining commercially viable in a highly trade-exposed industry,
- » Achieving the transition while demand for steel worldwide continues to grow (requiring continued production of primary steel from virgin iron units (e.g. iron ore) and precluding use of recycling technologies to meet all global demand), and
- » Ensuring governments adopt the right policy tools to support the transition.

³ Steel's Contribution to a low carbon future and climate resilient societies - worldsteel position paper, World Steel Association, 2020.

⁴ 2020 World Steel in Figures, World Steel Association, 2020.

⁵ Cement, Tracking progress, International Energy Agency, 2020.

BlueScope is exploring the various potential decarbonisation technologies to understand the scale of emissions reduction they are likely to deliver, potential costs and timeframes for implementation, and some of the barriers and enablers to implementation.

In the **short term**, we see global steelmaking emissions reductions driven primarily by energy and resource efficiency, movement toward renewable electricity and technologies that are commercially available today. This approach forms the basis of our commitment to a 12 per cent reduction in steelmaking GHG emissions intensity by 2030.

In the **medium term**, the industry will see greater contribution from secondary steel electric arc furnace (EAF) facilities as the supply of scrap

steel increases in certain markets, as well as an increase in primary steel produced by Direct Reduced Iron (DRI) plants accompanied by EAFs. The expansion of our North Star facility is in line with our climate change strategy and is consistent with the forecast contribution that EAF steelmaking will make as a percentage of global steel production in the future.

In the **longer term**, the opportunity shifts to technologies that are currently at demonstration and prototype stages such as shifts away from metallurgical coal towards hydrogen and bioenergy and carbon capture utilisation and storage (CCUS). The direct reduction of iron ore to iron via molten oxide electrolysis (MOE) may also become a viable alternative but is in the very early stages of development.

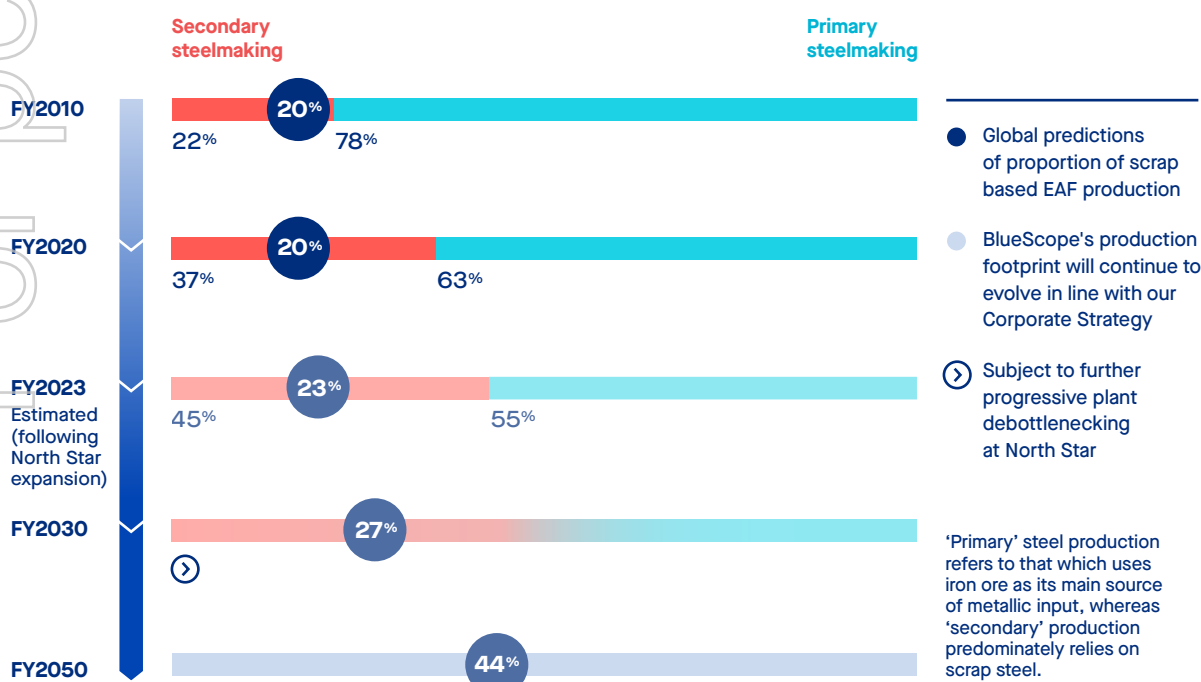
OUR DIVERSIFIED STEELMAKING PORTFOLIO

BlueScope's three steelmaking operations use different iron and steelmaking process routes and mixes of raw materials.

● **North Star** – Electric arc furnace (EAF) coal-free method using scrap steel and pig iron.

● **Port Kembla Steelworks** – Traditional blast furnace (BF) ironmaking and basic oxygen furnace (BOF) steelmaking using metallurgical (coking) coal, iron ore, scrap steel, limestone and dolomite.

● **Glenbrook Steelworks** – KOBM (Combined Oxygen Blowing Method) using local ironsand, coal, scrap steel and limestone.



“Steel is a fundamental part of the built environment, and BlueScope’s focus on increasing sustainability with carbon reductions and circular economy principles is key for a sustainable future. BlueScope’s leadership in the development of the ResponsibleSteel™ Standard and certification illustrates its commitment to responsible choices for manufacturing and performance improvement.”

Davina Rooney

CEO, Green Building Council of Australia

EMERGING BREAKTHROUGH IRONMAKING TECHNOLOGIES

Hydrogen is seen as a key input to support the decarbonisation of the iron and steel and other industrial sectors, and achieve the objectives of the Paris Agreement.

Research and development is being undertaken globally to develop technologies that replace coke (or natural gas) as the reductant in the production of iron and steel. The projects receiving the most attention in the steel industry seek to use hydrogen to extract iron from iron ore. Examples of recent global developments include:

- » **HYBRIT project (Sweden)** – The project aims to develop a new version of Direct Reduced Iron (DRI) using only hydrogen, transitioning existing DRI processes away from natural gas. The project is seeking to develop a demonstration plant by 2025, with the ambition to deploy a commercial scale plant by 2035.
- » **SALCOS project (Germany)** – The project aims to support a gradual shift from the BF-BOF process to the DRI process, with natural gas used initially, followed by a full transition to hydrogen-based reduction, with the hydrogen produced via renewable energy-powered electrolysis by 2050.
- » Several projects are seeking to increase the proportion of hydrogen injection in the blast furnace, as a substitute for a proportion of the injected coal.

While promising, several enablers are required for hydrogen steelmaking to be commercially viable. These include ready access to a cost-competitive low or zero emissions commercial-scale hydrogen supply chain and the availability of hydrogen steelmaking plant and equipment from global technology suppliers. Read more on page 21.

Other emerging breakthrough ironmaking technology developments include:

- » **Hlsarna project (Netherlands)** – The development of oxygen-rich smelt reduction technology to process iron ore and coal into liquid iron (eliminating the coking and sinter iron ore agglomeration stages), and to produce a concentrated carbon dioxide (CO₂) stream for easier capture. An operational pilot plant has illustrated the potential to reduce GHG emissions by 20 per cent relative to conventional blast furnace production, and by up to 80 per cent when combined with carbon capture and storage (CCS). A larger scale pilot plant has been announced to be built in India before 2030.
- » **Molten Oxide Electrolysis (USA)** – Single step, high temperature electrolysis of iron ore to produce GHG emissions-free pure metals or alloys. Proven at laboratory-scale, a pilot plant is in development with further plans to build an industrial-scale reactor in the first half of this decade.



Technology landscape

To assess the suitability of emerging solutions to reduce our steelmaking emissions, we collaborate with experts, industry associations and peers to consider:

- » The suitability of the technology for the design and layout of BlueScope's plants, and the supply chains and markets where we operate. For example, EAF and DRI viability is contingent on local scrap availability, affordable and reliable supplies of natural gas, electricity and hydrogen and appropriate raw materials mix.
- » Whether the technology will be technically proven and commercially available, at appropriate times to be considered as part of major investment milestones, noting that blast furnaces are relined roughly once every 15-20 years. While several potential technologies are in development, many are still years away from being turned into commercially available plant and equipment.
- » The commercial viability of the technology, ensuring that we could implement it while continuing to deliver the returns our shareholders expect, well-paid jobs for our employees, and the support we provide to our communities. Some technologies will require very large capital investments, or would increase operating expenses because they rely on more costly raw materials

or energy sources. Supportive governments policy can go some way to making such technologies more commercially viable.

- » The probability that the technology will be successful. For example, BlueScope has only one operational blast furnace in its portfolio at Port Kembla Steelworks, our largest steelmaking site globally, amplifying the technical and commercial risks of introducing novel technology compared to the risk faced by larger global steel makers with multiple blast furnaces.



Investigating industrial-scale trial

INVESTIGATING BIOCHAR OPPORTUNITIES

We continue to explore the use of biochar to reduce carbon emissions associated with steelmaking. Biochar is an energy source made from biomass, which could consist of waste timber or unused residues from the agricultural, timber and forestry industries. The recovered material could replace coal or coke without significant modifications to existing steelmaking processes, with the opportunity to reduce the overall emissions intensity of the process. The lack of commercially available largescale pyrolysis technology, under-developed biomass collection and logistics systems, handling of timber treated with copper chrome arsenate,

low biomass density and low biochar yields are challenges that need to overcome before large scale deployment.

Following on from the worldsteel CO₂ Breakthrough Programme, an extensive biochar study conducted from 2006 – 2014 in collaboration with the Commonwealth Scientific and Industrial Research Organisation (CSIRO), GFG Alliance's Liberty Steel Group (then OneSteel) and worldsteel, BlueScope is now investigating options for an industrial scale trial of biochar. Investigations into appropriate pyrolysis technology and large-scale biomass sourcing are also underway.

NB: The diagram on page 19 does not intend to suggest a checklist of sequential projects to be implemented by BlueScope; pursuit of one project may preclude or impact the economics for other projects. This is especially true for options that require significant reconfiguration of existing facilities/process routes, or would result in duplicative production routes.



CURRENT OR EMERGING TECHNOLOGY

BREAKTHROUGH TECHNOLOGY

Technology not yet commercialised. Concept or pilot stage or not yet applied to integrated steelworks

LOW-MEDIUM CAPEX/OPEX

Examples may include:

- » Raw material resources efficiency (including increase in scrap utilisation)
- » Renewable or low emissions electricity generation or power purchasing agreements (PPA)
- » Expansion in lower emissions steel making capacity (e.g. EAF capacity expansion)
- » Waste gas energy recovery
- » Voluntary carbon offsets

MEDIUM-HIGH CAPEX/OPEX

Supply chain development required (inc. development of downstream market for co-products)

Examples may include:

- » Use of biochar as a coal replacement
- » Heat, process gas recovery, and additional waste gas energy recovery technologies
- » Carbon capture and utilisation (waste stream to value added co-product)

HIGH CAPEX/OPEX

Significant reconfiguration of existing facilities/ process routes

Potential supply restraints

Examples may include:

- » Reconfiguration of plant and process routes at established plants (e.g. installation of EAF, natural gas DRI)

SIGNIFICANT CAPEX/OPEX

High technology risk

Significant reconfiguration of existing facilities/ process routes

Supply chain development required

Examples may include:

- » Carbon capture and storage
- » Oxygen-rich smelt reduction (e.g. Hisarna)
- » Hydrogen DRI
- » Molten Oxide Electrolysis

FY20

FY35

FY50

1ST

Global multi-stakeholder standard and certification programme for steel

RESPONSIBLESTEEL™ – COLLABORATING FOR CHANGE

BlueScope has played a foundational role in the establishment of ResponsibleSteel™, our sector's first global multi-stakeholder standard and certification programme. Driven by the passion of former BlueScope National Sustainability Manager, Ross Davies to promote the sustainable attributes of steel, BlueScope helped to establish the Steel Stewardship Forum in 2011, the forerunner to ResponsibleSteel™.

The ResponsibleSteel™ Standard was launched in 2019, defining the performance expectations that support the responsible sourcing and production of steel. BlueScope has played an active role in its development, participating in regular stakeholder working groups, hosting the ResponsibleSteel™ Forum and Standards Launch at Port Kembla

Steelworks in December 2019, and working collaboratively to promote the Standard to green building associations and rating agencies.

We are seeking to certify our Port Kembla Steelworks against the ResponsibleSteel™ site standard by end of 2021.



The ResponsibleSteel™ Standard was launched at our Port Kembla Steelworks this year.

BlueScope is seeking to certify the Port Kembla Steelworks against the ResponsibleSteel™ standard by the end of 2021



GLOBAL SUSTAINABILITY LEGACY: ROSS DAVIES

Ross Davies passed in 2019, after a brave fight with prostate cancer. Ross received the inaugural Leadership Award at ResponsibleSteel's 2018 Berlin Forum for recognition of service, an appreciation BlueScope echoes for his technical leadership and personal commitment to the future of sustainability in our sector.



“Ross Davies’ tireless efforts in establishing and serving on the ResponsibleSteel™ Board are a credit to his personal values and his determination to drive change. His vision for a sustainable steel sector will have a lasting influence along the full steel supply chain. Ross is deeply missed and his legacy is profoundly valued.”

Gerry Tidd

Co-Chair of ResponsibleSteel, and Executive Vice President Corporate Affairs, BlueScope

Enabling the transition

BlueScope sees opportunities in the following key areas that, if supported by governments, could become enablers of large-scale decarbonisation of the steel industry. Getting these enablers right will ensure the industry is in the best possible position to adopt breakthrough technologies once they are commercialised.

Competitiveness

A significant challenge for BlueScope is matching the desire to decarbonise operations with the need to remain competitive. The Australasian steel industry operates under very low tariffs and non-tariff barriers and faces strong competition from global steelmakers. Accordingly, keeping production costs at globally competitive levels is critical to the viability of the industry.

The introduction of breakthrough technologies to lower emissions from ironmaking will entail very large capital costs, and in many cases sustained higher operating costs too, due to the higher costs of feedstock and energy inputs compared to current raw material and energy sources. If global competitors continue to use existing, lower cost (but higher emissions) technologies, and there are few carbon costs or penalties imposed on the steel products they manufacture, it will be extremely challenging for steelmakers to adopt breakthrough technologies and remain viable. Voluntary consumer demand for low-carbon steel products is currently modest, so market preferences alone are unlikely to drive adoption of such technologies in the short to medium term.

European steelmakers are currently discussing with governments the role that trade policies may play in supporting steelmakers to decarbonise, by ensuring their sales are not lost to competitors whose costs are lower because they continue to use existing high-emissions technologies.

Affordable and reliable energy

One of the most important enablers for large scale carbon emissions abatement in industry is access to affordable and reliable energy. BlueScope believes that governments need a long-term focus on enabling affordable, reliable and low emissions energy supply. At a high level this would support an internationally competitive manufacturing sector, and in steel specifically would support adoption of the DRI/EAF process and local production of hydrogen generated from renewable energy sources.

Affordable and renewable hydrogen

Similar to the role that governments around the world have played to increase the efficacy and reduce the costs of renewable energy technologies, widespread availability of competitively priced hydrogen, produced from renewable sources, will be essential if direct reduction of iron using hydrogen is to be viable.

Competitive hydrogen steelmaking will require ready access to a cost-competitive low or zero emissions commercial-scale hydrogen supply chain and the availability of hydrogen steelmaking plant and equipment from global technology suppliers.



For a detailed description of our climate change approach, including alignment to the TCFD recommendations, refer to the *Climate Change Action* section of this report.



Outcome

01

Sustainable and enduring business

Business strength and resilience



We operate in a cyclical industry with a large and sophisticated asset base. To ensure our long-term success, we look through the cycle, adopting a balanced view of current and emerging operating mandates for strength and prosperity.

Success looks like

Delivering adequate and growing returns, using sound risk management principles to operate sustainably over the long term.

Highlights

- » Rolling 3-year ROIC average – above 15%
- » Financial liquidity of over \$3 billion
- » \$1.47 billion returned to shareholders since FY2017
- » US\$133M investment in North Star capacity expansion in FY2020.

Future focus

- » ROIC > WACC through the cycle⁶
- » Strong balance sheet and credit metrics
- » Invest for safe and reliable operations.

Approach

Our financial strength is vital to our ability to deliver meaningful value to our investors, customers, suppliers, employees and communities. While we take a long-term view, making decisions in timeframes aligned to the life cycles of our assets, we also work to ensure that we can withstand cyclical lows and economic shocks, the ability to take advantage of opportunities and deliver returns throughout the cycle.

Our financial framework is a key element of our Group Risk Appetite and Risk Management Principles and informs our approach to delivering on strategy. We aim to operate a resilient, cost competitive and

efficient business, investing in businesses with good returns, maintaining a strong balance sheet and delivering returns that attract shareholder support.

Responding to COVID-19

The resilience of BlueScope's business model and our financial discipline was demonstrated this year, with our broad portfolio of quality assets sustained through COVID-19 induced downturn.

BlueScope implemented direct interventions to bolster our economic position in the initial stages of the COVID-19 global pandemic. These included:

- » Minimised near-term North Star expansion spend
- » Paused all non-essential operational and capital expenditure, but continued to spend as required to maintain safe and reliable operations
- » Quickly installed effective hygiene, health and safety controls to allow the continuation of operations and supply
- » Cancelled the on-market share buy-back program
- » Enhanced the Group's liquidity position by increasing and extending lending facilities
- » Generally no pay increases for ELT and executives for FY2021.

We were fortunate that although operations were shut down at several of our sites, we were able to manage this without reducing pay or standing down employees beyond the usual seasonal reductions. In most cases, employees at operations subject to government-mandated shutdowns continued to receive their full pay and entitlements throughout the shut down period. The Company did not access the Job Keeper Payment scheme in Australia on behalf of any of our employees.

⁶ ROIC – return on invested capital (ROIC) is calculated as underlying EBIT over average monthly capital employed.
WACC – weighted average cost of capital.

Our business and key brands

Our diversified product range and geographic spread underpins our business strength and resilience. The transformation of BlueScope in recent years has resulted in a greater contribution from value-added products – we are a global leader in coating and painting for the building and construction markets. We are well positioned in developed countries such as the US, Australia and New Zealand, and in high growth regions across Asia. Our geographic diversity supports our growth and provides a broader spread of earnings. Our established multi-domestic strategy aligns with movements towards reshoring and local supply chain dependence.

Our integrated and resilient Australian business delivers returns across the cycle, with the iconic industrial brand position of COLORBOND® steel. We are a global leader in coating and painting for the Building and Construction Markets, operating in the world's two largest construction markets – China and the US, and high growth markets in ASEAN and India. Our North Star steelmaking facility is one of the most profitable mini-mills in the country, and one of the

lowest cost expansion projects in the US. We are New Zealand's only steel producer, supplying locally and across the Pacific region, and we have interests in several joint ventures including our NS BlueScope Coated Products and Tata BlueScope Steel joint ventures. See our geographic spread and diversified product mix in *Who we are and what we do* on page 3.

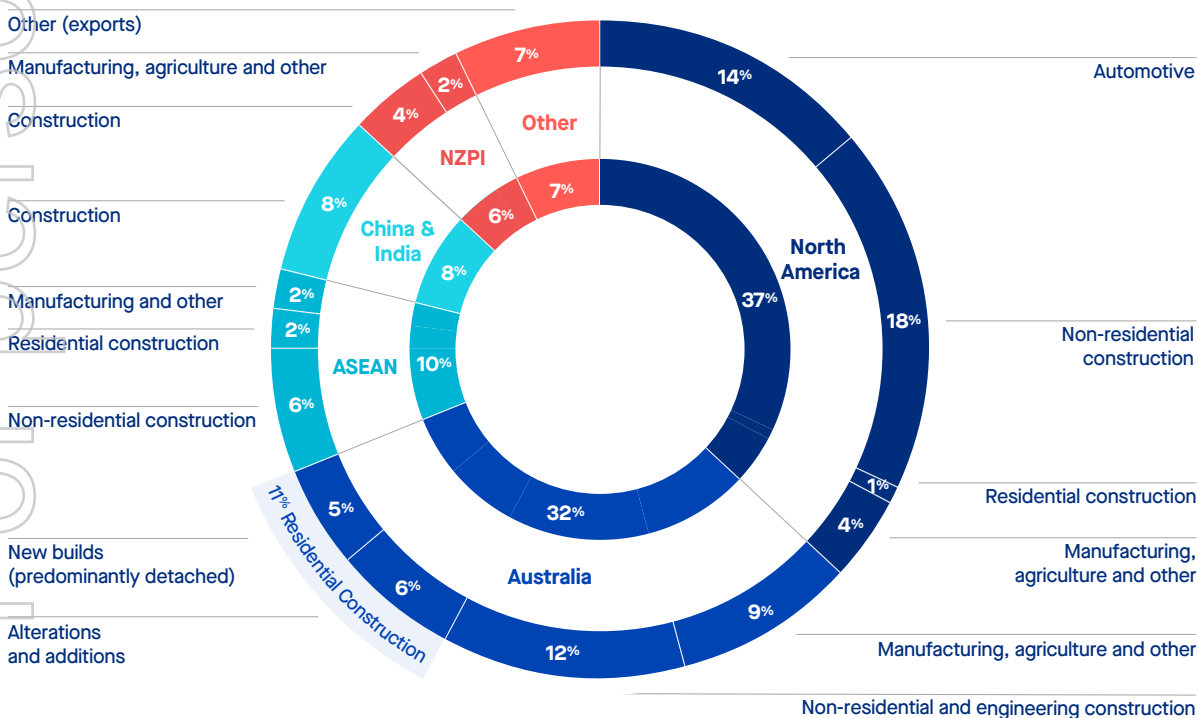


For further details on our financial performance refer to BlueScope's FY2020 Annual Report, available on our website.

Governance

Maintaining a strong and resilient business is a collective effort. First line leaders have the primary responsibility to manage financial and non-financial risks in their business. Business units monitor a range of metrics aligned to our risk management principles and report performance to ELT each quarter. At a Group level these metrics are aggregated and reported to the Risk and Sustainability Committee.

COUNTRIES AND INDUSTRIES TO WHICH OUR STEEL IS SUPPLIED FY2020 DESPATCH VOLUME* SPLIT BY REGION AND END-USE SEGMENT %



North American construction

Mixed across commercial, industrial, government and residential sectors, through sales of hot rolled products, metal coated and painted products and engineered buildings

Australian residential

Predominantly exposed to A&A and new detached dwelling construction, with limited exposure to multi-residential

Asia

A diversified portfolio of end-use segments and countries

North Star

Exposed mainly to the automotive, construction and manufacturing end-use segments; consistently sells all of the product it manufactures

* excludes intercompany eliminations

Transformation



Broader shifts in urbanisation, materials choice and decarbonisation have a direct line to our business. We are embracing opportunities to optimise our operations, improve productivity and build the organisational capability required for the future of steel.

Success looks like

Delivering the next wave of customer, growth and productivity improvements through innovation, technology and knowledge sharing across our global footprint. Transforming our business in line with technological and socio-economic shifts.

Highlights

- » Digital capability employed to transform our customers' experience, drive manufacturing efficiency and superior supply chain service
- » Consortium partner of the Australian Building 4.0 CRC (Cooperative Research Centre)
- » Launched our Global Manufacturing Excellence Resource Hub.

Future focus

- » Transform our customers' experience using digital technology
- » Optimise our operational capability
- » Build internal capability through digital ways of working, innovation and adaptive leadership.

Approach

Transformation is at the heart of our efforts to optimise our operations, improve productivity and build the capability we need in line with sectoral shifts. As we explore and invest in new technologies, we maintain a focus on strong returns to shareholders with disciplined capital allocation when investing in new technologies. Our people will continue to be key to our success, and we are exploring different ways of working, ensuring we attract the right talent and building the right capability for the transformation we need, to manage our investments to deliver value in the future.

Digital technology

Society is digitising at rapid pace and we are changing how we operate and engage with our stakeholders. Technology is changing how we work, connect, add value across our value chain, and how we can design and construct buildings and transportation systems of the future to be more efficient and sustainable.

We are investing in new digital capabilities to support the delivery of productivity and quality improvements, which in turn drive our sustainability outcomes and customer experience.

Our digital program encompasses opportunities across our global footprint in the areas of manufacturing, supply chain, sales and marketing and customer experience.

We pilot technology options to demonstrate their potential value and scalability across our global businesses, and support the business to embed suitable opportunities such as:

- » Data analytics including machine learning and artificial intelligence
- » Robotic automation
- » Internet of Things
- » Software solutions including building information modelling and augmented reality.

This year we have tested a range of opportunities to drive manufacturing efficiency, including digital simulations to help optimise operations and advanced analytics and Robotic Process Automation (RPA) to reduce waste and improve manufacturing costs. These projects, and many others, are regularly shared through our Manufacturing Excellence Network and are now scaling globally. We continue to test value-adding opportunities for our supply chain and to support customer engagement.

Manufacturing excellence

BlueScope has earned a reputation as a global leader in coated steel products and solutions.

Across our global footprint we develop, use and share leading manufacturing principles, processes, tools and practices in all aspects of operations.

Our *Manufacturing Excellence Framework* supports the standardising and sharing of best practice across our global footprint:

- » **Standard measures and core requirements** – universal standards and measures gauge our unit performance, classify and prioritise time and material losses and identify opportunities for improvement. An online assessment tool enhances consistency of reporting against the core standards and measures, facilitating benchmarking and identifying best practice.
- » **Manufacturing Excellence Networks** – operate in each regional business, charged with delivering superior performance by continuously improving our existing manufacturing operations, facilities and process technology.

This year we launched the Global Manufacturing Excellence Resource Hub. Developed collaboratively by the Manufacturing Excellence Network, the site holds information on best practice tools, systems and processes to help BlueScope people design, install, operate and maintain our manufacturing facilities to the highest standard.



Innovation and working with our customers

We work with our customers to understand their needs and develop products and services that support sustainable development and a more circular economy. These partnerships are crucial to driving sustainability outcomes within BlueScope operations and to assist downstream users to achieve their sustainability goals.

Our innovation process involves rigorous test and evaluation programs to ensure that potential new products meet customer needs and have proven environmental and reliability credentials.

ADVANCED ANALYTICS TO REDUCE WASTE AND REWORK

Quality underpins the BlueScope promise to customers globally ensuring we maintain our differentiated and premium position. In particular, reducing defects and downgrades can have significant impact on delivering customer satisfaction whilst resulting in real savings from reduced quality claims and in-efficient and wasteful rework. In producing our next generation coated products, we identified metal spot marks as one key area we could improve, initially focused in our Australian manufacturing facilities. Leveraging advanced analytics techniques including machine learning, using advanced visualisation tools combined with investments in new surface inspection systems (SIS) and improved processes have reduced the quality claims and allowed significant savings to be generated.

In addition to quality, further optimisation of the metal coating (I.e. zinc) applied during the production process was identified as a key opportunity for advanced analytics to minimise resource consumption and waste whilst maintaining our high quality promise to customers. We are developing machine learning models to predict coating mass more accurately by applying longer term learning algorithms that automatically adapt with latest data is resulting in significant metal coating savings.

Leveraging and scaling the development of these advanced analytics tools and capabilities to the global network of coating lines present significant opportunities to further reduce our waste footprint whilst maintaining our service to customers and optimising our production assets.



CASE STUDY



“The rapid evolution of customer expectations, technology and ways of working drives our transformation efforts. We are committed to creating smarter solutions, improving our operations and building the capability of our people for the future.”

Andrew Garey

Chief Strategy and Transformation Officer, BlueScope Steel

Some examples of our recent customer-led collaborative product developments include:

- » A new steel grade complying to AS/NZ1594 with 250MPa strength for manufacture into 16mm spiral welded pipe
- » 50mm high-strength reinforced steel bars sourced locally in New Zealand to support the historic Auckland Chief Post Office when rail tunnels are constructed beneath it
- » A unique pre-painted steel for the hydroponic market using a new flexible paint system.

We are currently developing a new 350Mpa (megapascal) strength REDCOR® steel to Australian and New Zealand standards for weathering in steel bridge applications.

Governance

The ELT oversees BlueScope's transformation agenda. Progress on digital transformation, product and service innovation and manufacturing excellence are reported quarterly to the ELT with key strategic focus areas within the transformation agenda reported to the Board as required.

Regional Manufacturing Excellence steering committees meet monthly. BlueScope's global head of manufacturing and Chief Executive of our Australian Steel Products business reports progress to the ELT on a quarterly basis.

BlueScope regularly features in the top ten Australian organisations most frequently registering international patent applications, and amongst the top three in the manufacturing category.



CASE STUDY

INNOVATING FOR IMPROVED SAFETY

Technical innovation drives our success and provides a safer working environment for our people. This year we continued to seek to identify and implement new hard controls – engineering solutions that remove people from risky environments, or that don't need human intervention to be effective – to address critical risks.

Additional robots have been installed at some locations to avoid employees having to perform manual tasks in higher risk areas. Temperature measurements at North Star's furnace flat bath, a high temperature environment where metal scrap feed is fully melted to liquid form, are now taken by robot, avoiding the risk of human exposure to high temperatures and close proximity to a potentially explosive environment (pictured). In North America's Steelscape's introduction of a robot to regularly skim dross (metal oxides) from the zinc pot avoids the

risk of an employee receiving a lifting/twisting injury and/or zinc burns. Cardboard or steel sleeves are inserted autonomously by a process robot at our Vietnam site, eliminating manual handling risks and improving operational efficiency and accuracy.



For personal use only

Outcome

02

**Safe and
inclusive
workplaces**



MATERIAL TOPIC

Safety, health and wellbeing



OUR VIEW

Safe and inclusive workplaces are integral to the way we do business, our productivity and success – for our people, the people who work throughout our supply chains and the communities in which we operate. The safety and health of people is paramount, as is our commitment to trust, respect and teamwork in our workplaces.

Success looks like

Enhancing our safety, health, and wellbeing through employee learning, participation and collaboration. Building on our risk-based management foundations and focusing on continuously strengthening our controls.

Highlights

- » Rapid response to support our people's safety and wellbeing during COVID-19
- » Building health, safety and environment (HSE) capability through expert-run leadership workshops conducted globally, in partnership with industry leaders
- » Successful pilot of our new HSE thinking approach and introducing Learning Teams at our US and NZ sites, with other BlueScope sites adopting similar approaches
- » Conducted industry benchmarking of health and safety reporting and developed leading indicators for severity, capability and implementing risk management solutions.

Future focus

- » Continue to enhance our HSE leadership capability to effectively manage risk, with over 500 leaders participating in expert-led workshops
- » Enhance our critical risk management approach, aligning across all businesses and regions
- » Deploy new health and safety indicators for more effective risk management, by FY2021.

Approach

BlueScope has a long and proud history of health and safety management. Our solid foundations have built employee trust through visible leadership and workforce engagement. We recognise that spending time interacting with our employees is critical, as is improving the capability of our leaders.

This approach, supported by integrated HSE management systems and defined risk control practices, has helped significantly reduce our instances of serious injury and near misses.

Tragically, on 6 May 2020, a contractor was fatally injured while working at the berth at the Port Kembla Steelworks. Our Employee Assistance Program has offered support to our employees and those of the contract partner through this time. The Company continues to learn from the findings of the investigation into this tragic accident.

Since then, teams across our global business, particularly Australian Steel Products (ASP), have taken time to pause to remember our contract partner, Robert, and reflect on the tragic circumstances of his death. These sessions have encouraged teams to look for opportunities to continually improve their own work environments.

Working Safely during COVID-19:

The scale and level of automation at most of our facilities provides a safe environment for those employees who continued to work on site to maintain social distancing. We implemented extra hygiene measures to ensure employee safety.

Our five-year HSE Strategy was launched last year, detailing our planned shift to a more people-focused, risk-based approach.

Evolve our mindset and approach

BlueScope is embracing new ways of thinking about HSE. We aim to think holistically about risk, including as an opportunity to learn and improve our how we manage risk in a dynamic and changing world.

This shift is anchored in the belief that HSE reflects the capacity to manage risk in variable conditions and that it is people's knowledge and experience that contribute to safer work environments. It recognises that to build capacity for safer operations, we need greater insight from the people performing the activities, rather than relying on how risk control is imagined in procedures and instructions. Safe work environments cannot be achieved through paperwork and compliance alone, and so we are engaging with our people to better capitalise on their knowledge, experience and relationships to develop effective solutions to safeguard against risks.

We recognise the need for greater insight from the people performing the activities, rather than relying on how risk control is imagined in procedures and instructions.

This year our coating and painting facility in Kalama, Washington (part of the NS BlueScope business) was the first site to pilot our new approach. Supported by expert advice, the pilot increased our understanding of how critical risks are managed and how systems can be improved to support our people and the environment. At the heart of this is ensuring an aligned approach to critical risks and that we rigorously test and improve the effectiveness of controls, and involve the people exposed to the risk.

Following the successful pilot, NS BlueScope has also introduced Learning Teams (an alternative to traditional incident investigation and a tool to solve problems before incidents occur) at other sites in North America.

Growing the capability of our people and systems

Our new approach requires continual investment in developing the HSE capabilities of our people and our leaders and ensuring relevant people are empowered to participate in identifying new ways to eliminate or reduce exposures. We are also working to develop and deploy simplified systems, training and processes that deliver clear, meaningful and practical guidance to help deliver high standards of HSE management and governance.

We continue to look at ways to collaborate with our internal and external stakeholders to learn and to share emerging issues and better practices to manage risk across our supply chain and our community. Read our case study on partnering for road safety on page 56.

We are developing a global roadmap for our approach to health and wellness based on focussed reviews of our global risk profile which seeks to foster the mental and physical good health of our people.

Delivering effective outcomes

We are changing how we assess HSE performance, shifting the indicators we monitor and report to inspire more confident risk management and track the positive effect we have on our people, our partners and our communities.

This year we engaged a third party to undertake peer benchmarking on emerging better practice health and safety indicators contained within incentive schemes. As our revised indicators are rolled out across the business, we will evolve our remuneration practices to align to these new measures.



Our revised Health, Safety, Environment and Community (HSEC) Policy has been translated into 12 languages to support our diverse businesses and their stakeholders in understanding our HSEC commitments.

[Click here to view the BlueScope HSEC Policy video.](#)

“The way safety has been managed at BlueScope has been incredibly successful, however BlueScope, like many other organisations, are now in a position where they have to re-define what the target is. Safety is not the absence of failure, it is the presence of controls in the midst of normal human error.”

Dr Todd Conklin PhD

Human and organisational performance expert



CASE STUDY

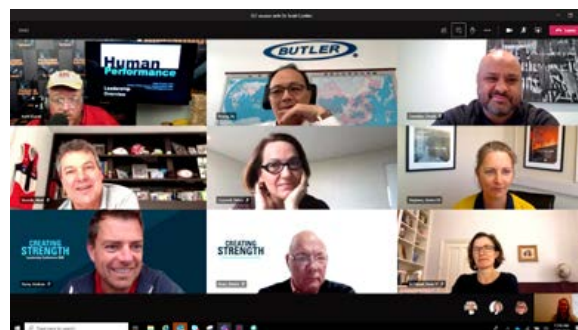
IMMERSING OUR LEADERS IN A NEW APPROACH TO HSE LEADERSHIP

This year we partnered with the Australian Logistics Council and Origin Energy to host “The New View” workshops in Melbourne and at Wollongong. Led by Dr Todd Conklin PhD (human and organisational performance expert) and Jeff Lyth (leadership, quality, safety and productivity specialist), the workshops explored leading industry thinking that supports our move to a more people-focussed approach to risk and decision making.

BlueScope's senior leaders and the HSE Committee Chair attended along with 116 leaders from a range of industry partners including Amazon, Qube Holdings, CHEP and Downer. We also ran a number of HSE Evolution workshops to share ideas and learning across the Australasia region. Jeff Lyth facilitated workshops with around 260 BlueScope stakeholders, including the New Zealand and Pacific Islands Senior Leadership Team, representatives from the Australian Steel Products Extended Leadership Team, and supply chain partners. He also presented at New Zealand Steel's 2020 Health and Safety Supply Chain

Partner Conference and online sessions during the COVID-19 period (pictured: Todd Conklin top left with members of BlueScope's Executive Leadership Team).

The learnings from the workshops are being extended globally with next steps covered in the *Future Focus* section on page 29. BlueScope continues to influence the direction of HSE leadership across industry by collaborating and extending invitations to industry peers.



CASE STUDY

PARTICIPATION AND ENGAGEMENT MAKES THE SAFETY DIFFERENCE

Participation and effective engagement is vital to identify safety improvement ideas and new ways of working. NS BlueScope Lysaght's Bien Hoa site received BlueScope's 2019 Leadership, Participation and Engagement Excellence Award this year for the effective implementation of their 'Lean Safety' program.

The team has introduced automation systems for leveling coils strip, and flipping long products, to eliminate manual handling risks in these areas. Productivity has been enhanced through changes to warehouse layout to optimise operational movements with cranes.

BlueScope Lysaght's New Caledonia site also conducted a range of safety projects, setting goals for active participation by the entire team, to live the safety spirit and boost safety values.





CASE STUDY

SUPPORTING HEALTH AND WELLBEING ACROSS OUR REGIONS

Supporting health and wellbeing takes many forms at BlueScope, as needs vary across demographics and operating environments.

BlueScope Buildings North America implemented a management program to support those employees and spouses who are at risk of being pre-diabetic or already living with diabetes and/or hypertension. Through the use of free glucose monitors and blood pressure cuffs, expert coaches are able to offer real-time support to those living with these chronic conditions.

North Star provides Cardiopulmonary Resuscitation/ Automated External Defibrillator (CPR/AED) training courses for all employees and family members aged over 10 years. The onsite HSE team provide CPR/AED classes to all new hires during orientation and an open registration class is offered once per month. This year the program was expanded to include “Stop the Bleed” lifesaving skills.



CASE STUDY

WORKING TOGETHER FOR SAFER ROADS

Road safety is critical to our operations, as a significant amount of our finished goods leave our sites by road. We recognise the important role we can play through collaboration with logistics providers and contractors to improve road safety.

In Australia, BlueScope is an active participant in the Steel Transport Safety Network and Chair of the Australian Logistics Council Safety Committee. BlueScope contributed to a Master Industry Code of Practice which is mentioned in the amended Australian Heavy Vehicle National Law and for 15 years has provided expert engineering assistance to industry across the world on how to transport steel safely. We are applying the Australian/New Zealand Chain of Responsibility philosophy to improve road safety across our global network. For our BlueScope operations, where there are no specific road transport legislative standards such as in ASEAN and China, the same load restraint standards are applied as in Australia.

New Zealand Steel is a founding sponsor of the Road Safety Education Limited’s RYDA program, which works in partnership with teachers and schools to help students become active and responsible road citizens and stay safe on roads.

In the US, our North Star team facilitated a workshop with the local State Patrol, Motor Carrier Enforcement Division to promote education and understanding of safe coil transport throughout our supply chain. The classroom and live hands-on workshop was attended by North Star employees, several customers and transportation representatives.

Read about how we collaborated with our transport partners to deliver load restraint training this year on page 56.



Health and safety indicators

Our approach in FY2021 is to transition our health and safety indicators to more closely align with our strategic direction – evolving our mindset and approach to gain a deeper understanding of how work is done and a focus on strengthening our controls.

Our indicators for FY2021 will focus on more holistic measures of Total Recordable Injury Frequency Rate (TRIFR), injury severity and balancing our lagging injury and incident metrics with leading indicators for building our HSE capability and more effective risk management. We will continue to monitor and report traditional indicators but aim to broaden our performance disclosures in coming reporting periods.

In FY2020, we continued to see a plateau in our lagging injury metrics. This plateau has been observable for the last fifteen years. Our injury profile continues to show a predominance of musculoskeletal injuries, with our on-going commitment to ensuring necessary time is taken for our injured workers to receive care and proper treatment to support their full and sustained return to work.

We are equally committed to understanding how our serious injuries are occurring, and which of those injuries could have resulted in even more severe consequences. This year, in reviewing the severity of our lost time and medical treatment injuries,

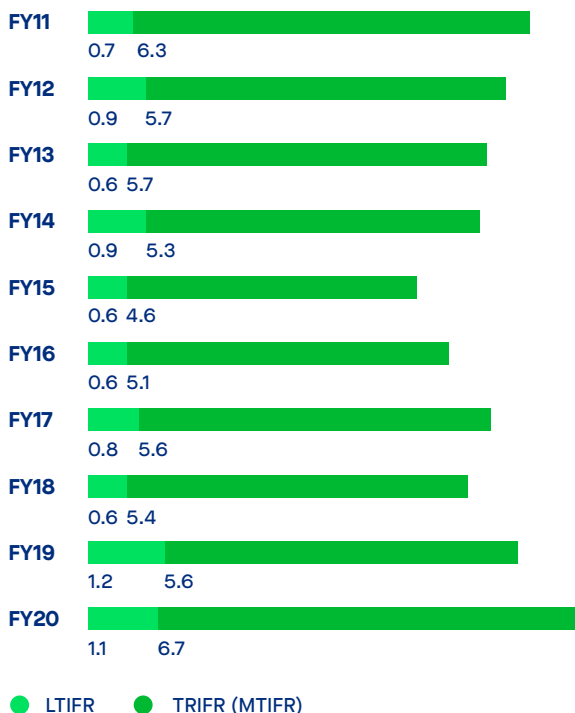
5 per cent of incidents did not result in, but had the potential to be a fatal incident. These incidents related to work associated with some of our highest risks e.g. falls, live equipment, material storage, handling and mobile equipment interactions, and reinforces our need to embed higher level controls for our critical risks to protect against potentially severe impacts.

Governance

Each business unit reports progress against implementation of the HSE strategy, initiatives and performance to the ELT on a quarterly basis. The ELT also has significant HSE responsibilities and governance, including reviewing HSE strategy, risks and governance processes for the Group, based on regular updates from the Corporate HSE leadership team. This team, as well as specialists from across the business, undertake HSE audits in accordance with our assurance framework.

The HSE Committee assists the Board fulfil its responsibilities in relation to the oversight of HSE matters and community impact arising out of BlueScope's activities. This Committee comprises all members of the Board.

RECORDABLE INJURY FREQUENCY RATES



TRIFR (MTIFR) and LTIFR include Orrcon, Fielders and Pacific Steel businesses from 2016 and North Star from 2017. Contractor statistics and performance data are included within BlueScope's reported statistics when the contractor is performing work under BlueScope's Health and Safety Management System/s.

Organisational capability and inclusion



OUR VIEW

We promote belonging and pride in BlueScope, equipping our people with the skills, knowledge and diversity of thought required to contribute meaningfully to Our Purpose both now and in the future.

Success looks like

Actively protecting and upholding the wellbeing and human rights of our people and the people with whom we do business. Our people have the skills, knowledge and diversity of thought that the future of work at BlueScope requires. Our culture is built on resilience and inclusion, and we trust, value and invite a diversity of people and perspectives into our business and our partnerships. Our workforce composition reflects the communities in which we operate. Our workplaces are safe and enable all people to contribute meaningfully to Our Purpose.

Highlights

- » Met our gender balance ratio targets for our Board and Executive Leadership Team
- » Met our gender balance recruitment targets for executive and overall new hires
- » Developed our Global Inclusion and Diversity Strategy, to be launched later this year
- » BlueScope's Australian operations were named an Inclusive Employer for 2019-2020.

Future focus

By 2025 we will:

- » Launch and execute our new 5-year Global Inclusion and Diversity Strategy
- » Introduce globally coordinated platforms that facilitate knowledge capture, sharing and learning across our organisational footprint
- » Introduce a sustainable culture management model for our performance against our key strategic areas.

Approach

Our approach to organisational capability and inclusion is to use data insights to raise and answer questions about how effectively we are creating learning, opportunity, and safe workplaces for our people to grow. From these insights, we then design and pilot targeted systemic interventions that shape our people systems, processes and culture. These interventions are then tested for success, before building and embedding the initiatives that most effectively advance alignment to Our Purpose and achievement of our business goals.

Organisational capability

We aim to make it easy, efficient and commercially smart for our people to build the capability they need to succeed — both now and in the future. Our organisational capability initiatives facilitate:

- » **Capability transformation**, through learning programs that strengthen our business resilience and people's adaptability while strengthening our culture.
- » **Knowledge growth**, by providing access to content and tools that are both culturally and strategically relevant, engaging, valued and trusted.
- » **Business delivery**, by measuring people performance levers and using data to generate insights that expedite and optimise the ability of teams and individuals to contribute to BlueScope's Purpose and goals.

We will achieve this by building people development support systems and reinforcing people management practices that help BlueScope people to learn often, connect easily and share openly. This approach enables us to prepare our people for the future, adapt and collaborate at pace, and facilitate innovation and change.

In preparing our people for the future, we are focused on:

- » Activating Our Purpose and strategy through educating our people and raising awareness of how these elements connect to their work. As part of this, we are evolving our approach to cultural measurement to encompass alignment to Our Purpose and to expand employee engagement to include employee experience in key business focus areas, such as safety, inclusion and business conduct.
- » Developing global knowledge and learning platforms which will bring together expertise and experiences from across the business onto digital platforms to create global connection, consistency and strategic alignment in both approach and competence. As part of this, we are updating and building our library of content for priority areas including leadership, safety, manufacturing excellence, digital technologies and sales.
- » Updating and streamlining our talent acquisition and development practices to offer more inclusive access to resources, talent insights and support for career management, skills sourcing and selection, people development, learning and knowledge growth, team effectiveness and productivity. To guide this work, we are redefining the critical skills, succession planning approach and assessment processes required to best develop leaders of the future and deliver high performance cultures.



CASE STUDY

AUSTRALIAN STEEL PRODUCTS ACHIEVES INCLUSIVE EMPLOYER STATUS

BlueScope's Australian operations were named an Inclusive Employer for 2019-2020, exceeding the Diversity Council of Australia's (DCA) National Index measures for awareness, engagement, organisational climate, inclusive leadership and exclusion. Over 1500 Australian BlueScope employees completed the DCA Inclusion@YourWork survey and the findings will inform our inclusion and diversity approach for FY2021.

The recognition reflects BlueScope's focussed efforts to build an inclusive and diverse workplace. Since 2017, the business has driven progress through an Inclusion and Diversity Strategy led by the executive lead team and supported by employee-led Inclusion and Diversity Networks in each state. Executives have played a key role in sponsoring initiatives, while Networks promote and support the strategy through local events. This was reflected in the survey results, with the business exceeding best practice benchmarks for top leaders demonstrating visible commitment and employees' awareness of our inclusion and diversity efforts.

Employee feedback through the survey has reinforced the benefits of an inclusive workplace, with employees indicating they feel they work in inclusive teams by reporting they are 3.5 times more likely to be effective at work, 2.5 times more likely to provide excellent customer service, 4.5 times more likely to be more innovative and 2 times more likely to work extra hard. The business will continue to focus on building an inclusive team environment, where everyone feels they belong and can operate at their best, with senior leaders and Inclusion & Diversity Networks continuing to play a very active role.



INCLUSIVE EMPLOYER 2019-2020

Scale of our organisation (as at 30 June 2020)

EMPLOYEES PER BUSINESS

6,031	43%	442	3%	2,178	15%
Australian Steel Products		North Star BlueScope Steel		Buildings North America	
1,567	11%	3,752	27%	107	1%
New Zealand & Pacific Islands		Building Products Asia & North America		Corporate	

Inclusion and Diversity

We want to ensure that all people who work for or with us – regardless of how they identify – feel valued and included.

Our new global Inclusion and Diversity Strategy highlights the dimensions of diversity that we believe are important for us to focus on now, in order to optimally drive inclusion for all people over time.

We are proud of our focus and efforts in improving gender balance across BlueScope. While we continue to focus on this critical measure of diversity, moving forward we will also focus on creating strength with multi-dimensional diversity. We have identified other dimensions of diversity, such as ethnicity and life stages and experiences, that we believe together with gender balance will allow us to:

- » Access and employ diversity of thought, backgrounds and experiences to help us build smarter, more innovative and creative solutions for our business, customers, partners and communities.
- » Leverage supplier diversity and partnerships to support and build future capability and capacity across our global reach.
- » Create belonging and pride through inclusive and positive experiences, which deepen connection with our local communities, helping us to build the workers and workforce of the future.

Central to our approach to inclusion and diversity is the belief that we create strength through inclusive behaviours at all levels: individual, team, organisational, and partnership. Upmost to this is an experience of equality at work, achieved by ensuring equal opportunity in selection, remuneration, development and partnerships.

We will continue to strive for gender balance across our leadership and all employee populations, including new hires. We report annually on

our progress toward gender balance within our workforce via our Corporate Governance Statement.

We are especially focused on supporting women in STEM (Science, Technology, Engineering and Maths), through targeted operator/trades recruitment campaigns and partnering with educators to attract young women into STEM careers.

We intend to provide the flexibility for people at all life stages and experiences to integrate work with their life outside work, so that we can promote wellbeing, attract new talent, capture the full knowledge of our workforce, and support phased retirement. Our Australian “B-Flex” model recognises that all roles have some degree of flexibility, allowing managers and teams to be ready to explore how workplace flexibility works optimally for individuals, teams, our customers and our business alike. The rollout of B-flex and other initiatives supporting flexible or remote working practices has positioned the business well to respond to the COVID-19 situation and the need to work remotely. We are currently working to develop global flexibility principles that will be locally adapted by all our businesses. This year we continued to focus on attracting younger generations into our business, as well as supporting older generation employees towards retirement.



TOTAL RECRUITMENT %



OPERATOR TRADE RECRUITMENT %



As a global business, we have the opportunity and responsibility to create a workforce that reflects the communities in which we live. We are committed to building and supporting ethnic diversity throughout our business, including engagement with First Nations' people. Our recruitment practices now include focus on the attraction and recruitment of locally determined minority ethnic groups, and we strive to achieve multicultural representation on all our leadership teams and within all talent pipelines. This year, we increased our engagement with and employment pathways for First Nations people across our regions. Next year we will also create a First Nations' People Engagement Plan, to further formalise and structure our commitment to supporting the communities in which we operate.

We continue to review pay equity as part of the annual remuneration review process. This year, we once again confirmed a minimal gap in pay differentials between men and women in similar roles. We continue to conduct out of cycle salary review interventions to manage identified gaps.



Read more about our inclusion and diversity performance in our **FY2020 Corporate Governance Statement**, available on our website.

FEMALE EMPLOYEE BY CATEGORY %

Board	50
ELT	40
Executive	28
Salaried	30
Operator & Trade	11
Total	21



CELEBRATING INCLUSION AND DIVERSITY ACROSS OUR REGIONS

At BlueScope we come together to progress our inclusion and diversity commitment through Inclusion and Diversity Networks and by celebrating key events. Inclusion and Diversity Networks are led by employees locally to engage their operations in activities that support each business's inclusion and diversity plan.

Regional engagement initiatives undertaken this year included:

Australia – the creation of a Parents Network, a “Family and Friends” campaign to support female recruitment, messages from leaders in internal communications and support for external campaigns such as “One Small Thing” and Harmony Day.

North America – the celebration of Women's Day and Veterans Day across BlueScope Buildings North America sites to demonstrate BlueScope's inclusion and diversity values, and the latter, to recognise employees and their families that have served in the military; “Each for Equal” pledge walls; celebration lunches; and promotion through group photos and other internal communication channels.

China – supported placement of people with disabilities into job roles across different functions, to make best use of their skills and talents like photography, design and technical drafting; launch of a Sales & Engineering Young Talent Recruitment & Development program focused on identifying, attracting and developing younger generations.

NS BlueScope (ASEAN and North America) – created and distributed an employee awareness training video about inclusive culture; included a Buddhist blessing ceremony in the launch of a new processing line in Thailand; and in Malaysia we continued to run focus groups for women to stay connected with their workplace needs in a manufacturing environment.

New Zealand and Pacific Islands – the promotion of International Women's Day and female leadership initiatives; lesbian, gay, bisexual, transgender and queer or questioning (LGBTQ+) awareness and fundraising; engaging on age awareness from young talent through to retirement transition; and the hosting of monthly cultural diversity lunches.



CASE STUDY



CASE STUDY

JAWUN PARTNERSHIP

Our strong association with the Jawun Indigenous Partnership provides opportunity for BlueScope employees in Australia to participate in a six-week secondment in Central Australia supporting indigenous communities. This year, in the context of COVID-19, the opportunity moved online. Secondees use their skills and expertise to assist communities to achieve their own development goals. The partnership has supported a range of initiatives including an enterprise development plan for an orchard, an induction plan and pack for one indigenous organisation, and a business plan for a proposed income stream for another. The benefits to our secondees from participating in the initiative include valuable insights into their own capability, self-development and self-insights.



Protecting and supporting our people

KEEPING FOCUS ON OUR PEOPLE DURING COVID-19 DISRUPTION

The COVID-19 pandemic has affected many of our employees, and their families. Mandated working from home arrangements for many non-operational employees, disruptions to school and care arrangements for family members, and shut downs of non-essential services combined with economic uncertainty can place additional mental or financial strain on our employees and their families.

We have responded with a range of initiatives to support our people, focusing on vital business continuity measures such as flexible work practices, remote leadership, rapid learning, employee wellbeing assistance and efforts to build inclusion.

This year we introduced remote work arrangements for many of our people. Multiple COVID-19 response and recovery teams worked together to share learnings and advice, to ensure ongoing productivity and wellbeing of our people as they adapted to new ways of working. Our Board received regular expert external medical advice and we supported our employees through regular internal engagements (e.g. intranet posts, news and working from home tips) and our Employee Assistance Program.

We have introduced coordinated global and local forums to understand employee's views and seek feedback. Our leaders embraced the opportunity

to connect with employees through a variety of digitally enabled methods, such as:

- » Online town halls, "live" panel discussions, and regular video messages
- » Cross-business digital work groups and networks encouraging employees to share their experiences of working remotely or with social distancing restrictions
- » Digital acceleration hubs and think-tanks, delivered virtually with cross-functional participation
- » A global leadership forum, which ran across two months and brought together 180 leaders remotely, for weekly connection and shared learning.

We are exploring hybrid workplace arrangements that will continue to allow people flexibility to work from home or partially from the office, whilst adhering to COVID-19 restrictions. We are accelerating our digital transformation programs that will allow us to connect, collaborate and enhance our customer service.

This period of global disruption gives rise to many challenges, but with these challenges come learning and new opportunities for us to better prepare our business and our people for a strong and sustainable future.

“This year more than ever, our people continued to be our strength. COVID-19 challenged how we engage and support our people during widespread disruption, and accelerated our thinking and practice around the future of work. We will build on the COVID experience together, building our agility and flexibility while retaining our commitment to deliver inspired outcomes in a safe and inclusive way.”

Kristie Keast

Chief People Officer, BlueScope Steel

Employee Experience

Our people are our strength. We strive to create strong employee engagement and alignment to Our Purpose across all areas of our business by promoting inclusive and positive employee experiences. We value the opinions of our people as we seek to continually improve their experience and their ability to support positive interactions with our customers and partners.

Measuring employee experience is a key part of understanding our cultural strengths and areas for further alignment. This year we responded to feedback from our FY2019 Group-wide employee engagement survey, which guided us to focus on reinforcing positive experiences of a respectful culture and continuing to support employee learning and development. We are also working to improve our capacity to provide work environments and resources that fully enable people to perform their work well, and leadership communication forums that support understanding of the future vision for our business.

Due to widespread business disruption from COVID-19, we decided to defer this year's full census employee opinion survey in favour of coordinated forums to gauge employees' views and ideas on how we might best support them.

We will continue to monitor both employee experience and employee conduct through these times of change. We are reshaping our approach to measuring employee experience, to ensure it capitalises on the lessons we have learnt this year and remains flexible to changing business needs. This approach will see the introduction of more agile and flexible survey sampling strategies in addition to the reintroduction of our full-census employee opinion survey, likely next year.

We also support a culture where people feel comfortable asking questions about appropriate conduct and behaviour. Read more about our 'Speak Up' policy and approach to *Ethics and Compliance* on page 13.

Governance

Accountability for organisation capability and inclusion sits with our Chief People Officer, with performance reported quarterly to the Executive Leadership Team.

The Remuneration and Organisation Committee has delegated responsibility from the Board to review issues pertaining to organisational capability and inclusion. Certain topics are presented annually to the full Board.

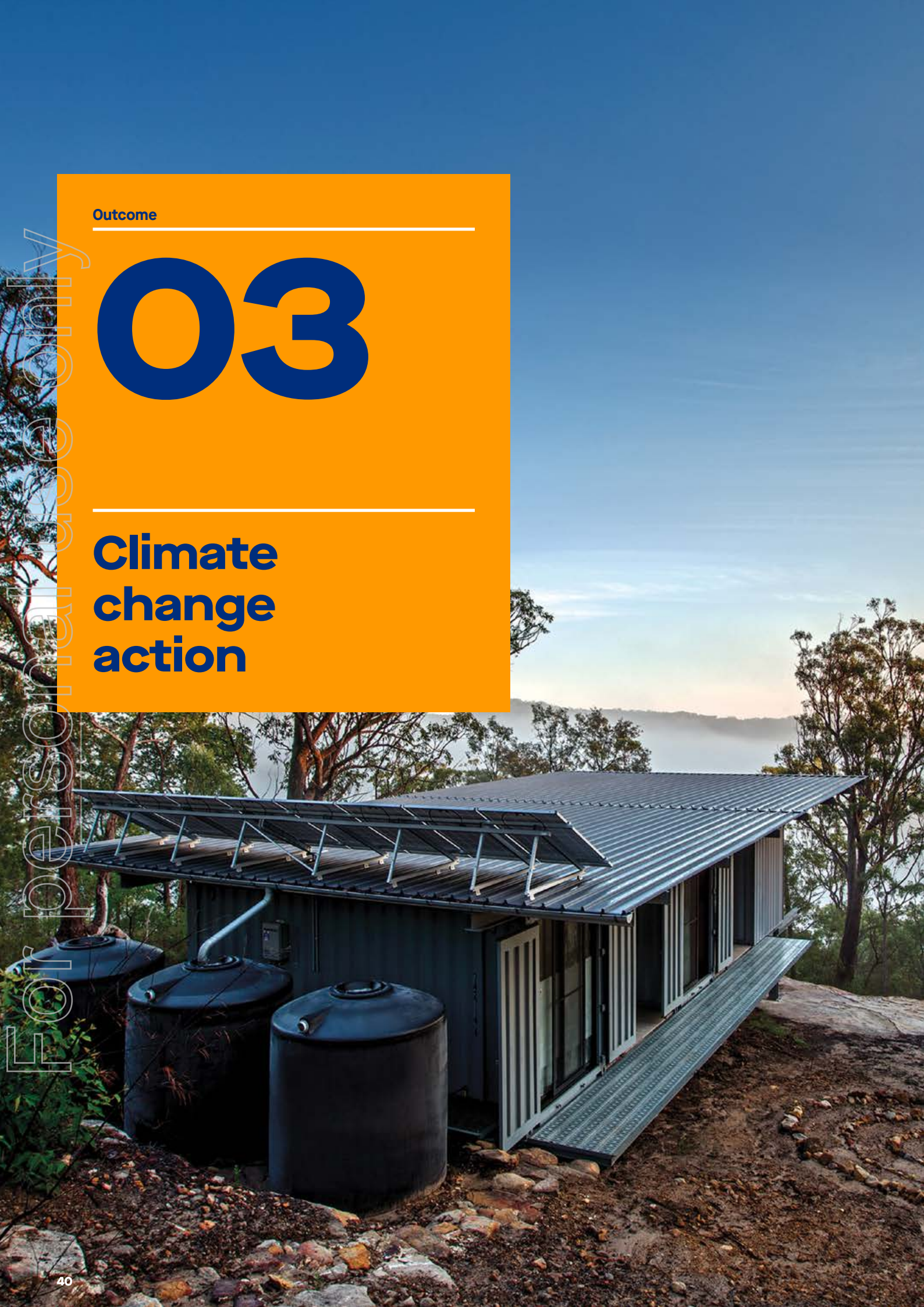


Outcome

03

Climate change action

Forbes
Journal



MATERIAL
TOPIC

Climate change and energy



OUR VIEW

We are well placed to respond to the challenges presented by climate change, as we develop commitments and establish key partnerships to drive fundamental shifts in our sector. Our integrated approach to climate change risk, emissions reduction and emerging opportunities strengthens our outlook for the future.

Success looks like

Actively reducing climate-related physical risks to our operations and supply chain, mitigating transition risks and leveraging opportunities. Fostering partnerships, setting ambitious targets and reducing our emissions through direct action and longer-term mitigation opportunities. Managing energy costs, reliability challenges and supporting the transition to renewable energy sources.

Highlights

- » Leading role in the establishment of global sustainability and climate initiatives including ResponsibleSteel™ and Net Zero Steel Pathway Methodology Project
- » Reported Scope 3 GHG emissions profile
- » Continued focus on our GHG emissions intensity targets for our steelmaking sites.

Future focus

- » Climate scenario analysis refresh to consider implications of net zero ambitions for our sector and for BlueScope
- » Develop long term emission reduction aspiration and roadmap
- » Develop emission reduction targets for our non-steelmaking operations
- » Achieve 12 per cent reduction in Scope 1 and Scope 2 GHG emissions intensity for steelmaking sites by 2030.

Approach

For many years now, BlueScope has strongly advocated for a fair and equitable approach to addressing climate change to deliver real reductions in global greenhouse gas (GHG) emissions. We acknowledge that steelmaking generates GHG emissions and we continue to work diligently to improve the efficiency of our operations and reduce emissions. This year we proudly acknowledge the integral role of climate action for our business, incorporating climate change as a key pillar in our revised corporate strategy – a defining signal of our commitment to action and recognition of its contribution to our long-term success.

Our approach is informed by our previous work in climate scenario analysis, builds on our standardised approach to climate risk assessment, and alignment to the recommendations of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD).

BlueScope supports the Paris agreement targets set by governments in each country where we manufacture, and works to contribute meaningfully to the achievement of these targets. We continue to monitor and comply with energy and climate-related regulations in all regions where we operate.



Read our Corporate Strategy in our FY2020 Director's Report, and our broader climate-related disclosures in our previous Sustainability Reports, available on our website.



“BlueScope’s transition is well underway. Since 2005, we have achieved a ~30% reduction in our global GHG emissions footprint and a ~40% reduction at our Australian operations. Whilst we firm up our long-term transition pathway, we will continue to focus on meeting our mid-term target of reducing the emission intensity of our steel production by 12% by 2030”.

Tania Archibald
Chief Financial Officer, BlueScope Steel

Targeting
12%
reduction in
GHG emissions
intensity by
2030

ALIGNMENT TO TCFD RECOMMENDATIONS

Our climate actions are aligned to the TCFD recommendations:

- » **Governance** – The Risk & Sustainability Committee (RSC) assists the Board fulfil its responsibilities in relation to the oversight of climate change risks and opportunities. BlueScope’s ELT is responsible for reviewing climate strategy, risks, governance processes and procedures for the Group, and receives regular updates from the Sustainability Council. We recently established a Climate Change Council to help coordinate and support the execution of strategic climate projects and provide oversight of BlueScope’s abatement activities.
- » **Strategy** – Climate action was escalated to be a key element in our refreshed corporate strategy this year, a defining signal of our ongoing commitment to decarbonisation. We evaluate and monitor the impact of climate-related risks and opportunities on our businesses and corporate plans over a range of time horizons, and the Board, through the RSC, monitors progress every six months. We have previously committed to undertake a deep dive refresh of our climate scenario work every three years, with the results of the next review to be published in our FY2021 Sustainability Report.
- » **Risks** – Climate-related risks are identified and assessed through BlueScope’s risk management framework, using a three-lines of accountability model to drive responsibility in day-to-day decision making, risk management and assurance. Our approach to climate risk is governed by our Risk Principles, underpinned by climate scenario analysis and application of carbon shadow pricing to capital investment decisions. An aggregated update on management of climate risks is presented to the ELT and RSC twice-yearly. A detailed description of our climate risks, strategic planning and opportunities was detailed in our FY2019 Sustainability Report.
- » **Metrics and targets** – We measure and report on our energy consumption and Scope 1 and Scope 2 emissions, as well as GHG and energy intensity metrics for our steelmaking facilities. This is the first year we have disclosed our Scope 3 GHG emissions. In 2018 we set targets to reduce Scope 1 and Scope 2 GHG emissions intensity for our steelmaking sites by 12 per cent by 2030. We are actively developing BlueScope’s specific long-term decarbonisation pathway.



Climate change strategy

We intend to play a proactive role in reducing carbon emissions associated with the manufacture and use of our steel products.

OUR REFRESHED CARBON STRATEGY ENCOMPASSES FIVE OVERARCHING WORKSTREAMS:



Reduce our carbon intensity in time frames aligned with key investment decisions

Over the medium term we are working towards our 2030 carbon intensity reduction targets by empowering our sites to take action, building carbon pricing into our investment decisions implementing improvement projects using today's technology and preparing for major investments aligned to the maintenance cycles of our major steelmaking facilities.

We are actively developing BlueScope's long-term decarbonisation pathway via leadership and involvement in key global and regional initiatives. We are monitoring breakthrough technology opportunities with a view to participating in line with our investment cycles and decarbonisation commitments. Read more in *The future of steel* on page 14.



Create carbon efficient solutions for our customers

We continue to engage with our customers and focus on how we can best meet their needs, conducting product research and design and pursuing operational excellence to deliver resilient, efficient and innovative products. Read more in *Sustainable Products* on page 61.



Use renewable energy and credible carbon offsets cost effectively

We continue to pursue opportunities that contribute to decarbonising electricity networks and our own consumption. This work builds on previous examples such as our renewable energy Power Purchasing Agreement with the Finley Solar Farm, which equated to 20 per cent of the external electricity demand of our Australian operations.



Making the case for local, sustainable steel in our communities

We are collaborating with industry, community regulators and governments to demonstrate the benefits of a local steel sector. Recognising steel's essential role in modern society and its contribution to local economies and the balance of trade, we are advocating for a strong policy framework that supports domestic steel industries.



Monitor and engage

We maintain an active external view as we seek to drive resilience in our operations and supply chains. We keep abreast of external developments, continue to monitor climate risk uncertainties, report our progress regularly and engage effectively with key stakeholders.

New findings
will be shared
in our FY2021
Sustainability
Report

CLIMATE RISK SCENARIO ANALYSIS

Scenario analysis offers a constructive way to explore possible futures for the steel industry and the broader economy due to climate-related issues. While scenarios should not be viewed as predictions or forecasts, they provide useful insights into the potential range of outcomes associated with different future pathways.

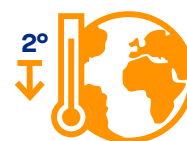
Our FY2018 Sustainability Report disclosed analysis of the resilience of our business and operations against three climate change scenarios. These scenarios (Global Cooperation, Patchy Progress, Runaway Climate Change) combine elements from distinct scenarios set out by international agencies including the Intergovernmental Panel on Climate Change (IPCC), International Energy Agency (IEA) and World Energy Outlook. The assumptions underlying each of the three scenarios, and the implications for our business are detailed more fully within our FY2018 Sustainability Report available on our website.

The repositioning of our climate strategy within our broader corporate strategy is informed by these scenarios, and we have initiated the refresh of our climate scenario analysis in line with our commitment to undertake this review every three years. We are also working to further integrate climate change impact considerations into our natural catastrophe

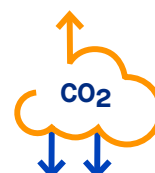
and physical risk assessments. This work will take into consideration the latest updates and modelling from the IPCC, IEA, worldsteel and the Energy Transitions Commission and will consider the implications of what net zero ambitions mean for our sector and for BlueScope. Findings will be shared in our FY2021 Sustainability Report.

BLUESCOPE CLIMATE SCENARIOS

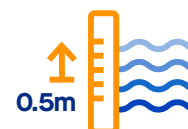
Global cooperation
Below 2°C scenario



Patchy progress
Below 3°C scenario



Runaway climate change
Below 4°C scenario



CO-PRODUCT REUSE SUPPORTS A CIRCULAR STEEL ECONOMY

New Zealand Steel's Glenbrook Mill has realised substantial cost and waste savings by proving a viable supplement to limestone use in ironmaking. Slag is created in the site's KOBM steelmaking process and can be reused to replace nearly half the site's limestone requirements. This also reduces coal consumption by reducing calcination in the kilns. Large quantities of limestone are stockpiled to provide a regular feed to the ironmaking process, and employees have adapted the stockpiling method to incorporate a consistent measure of slag in the feedstock (pictured).

Estimated savings to the business are in the order of \$1.7M per year, with the new approach diverting around 30,000 tonnes of KOBM slag from landfill each year, and reducing annual limestone and coal consumption by 24,000 tonnes and 4,800 tonnes

respectively. The new method reduces Glenbrook's GHG emissions by approximately 20,000 tCO₂-e per annum and is an excellent example of the benefits of a circular economy.



CASE STUDY

Partnerships and research

BlueScope has a strong history of partnering with universities and participating in specific initiatives led by research organisations. Recent examples include:



ResponsibleSteel™

BlueScope has played a foundational role in the establishment of ResponsibleSteel™, our sector's first global multi-stakeholder standard and certification programme. Read more on page 20.



World Steel Association's step up program

BlueScope is a signatory to worldsteel's step-up programme, a four-stage efficiency review process for steel mill operators. The programme aims to increase the operational efficiency of sites operated by member companies of worldsteel with a view to lower carbon emissions. We have nominated the Port Kembla facility to participate as a 'step-up site' and we will conduct an annual self-evaluation to determine our rate of improvement against the programme criteria.



CO2 Cooperative Research Centre (CO2CRC)

This year we also partnered with the CO2CRC to explore potential pathways for reducing greenhouse gas emissions in steel production through carbon capture and storage (CCS) and carbon capture and utilisation (CCU). A high-level evaluation of the economic viability of transport (piping or shipping) and storage location options for captured CO₂ from Port Kembla has been performed by CO2CRC and the University of Sydney. In addition, utilization of CO₂ and CO rich gases to provide high-quality value-added products using innovative biochemical and chemical processes have been considered. Findings are expected to be reported in FY2021.



Australian Industry Energy Transition Initiative (ETI)

An industry-led initiative to develop pathways to net zero emission supply chains across critical sectors of the Australian economy. Jointly convened by ClimateWorks Australia and Climate-KIC Australia, the Industry ETI participants include CSIRO, Australian Industry Group (AiGroup), the Rocky Mountain Institute, as well as organisations across the mining, energy, finance and manufacturing sectors. This year we participated in workshops and one-on-one engagements to explore the challenges and opportunities for Australia, and to develop a shared understanding of the potential for industry to reach net zero emissions. Going forward, the Industry ETI aims to identify and prioritise technologies and understand barriers to a net zero future, to create a credible pathway and practical action plan for industry transition.

Net Zero Steel Pathway Methodology Project

Recognition has been growing amongst steelmakers, investors, civil society and policy makers that there are opportunities to enhance the current steel Science Based Target methodology for the sector, to better represent the complexity of the global steel industry and redefine the transition pathway. Established in June 2020, the initiative seeks "to establish recognised methodological guidance on the net zero transition pathway for all steelmaking, for the use by policymakers, organisations, investors, customers and civil society, taking into account the views and needs of relevant stakeholders." BlueScope is a founding member of the Net Zero Steel Pathway Methodology Project, along with Tata Steel, ArcelorMittal and Liberty Steel Group.

Metrics and targets

While BlueScope continues to pursue emission reduction projects in line with our 2030 climate change target, our this year performance was impacted by government mandated shutdowns, contributing to a 1.2 per cent increase in emissions intensity on FY2019. Scope 1 and 2 absolute GHG emissions reduced by 119,000 tCO₂-e however energy intensity per tonne of steel increased from 17.1 to 17.5 GJ/t compared to the prior period. This illustrates the impact of a reduction in raw steel production while keeping plant and machinery running at the minimum level required during shutdown periods.

In FY2020 we realised more than 29,000 tCO₂-e/yr in GHG emissions reductions through energy and climate-related projects, avoiding more than 6,100 MWh/yr in purchased electricity and around 48,000 GJ/yr of natural gas. BlueScope Butler Tianjin in China now reuses high temperature exhaust from the site's air emissions treatment system to heat site facilities avoiding around 440tCO₂-e per year. BlueScope Steel Suzhou has optimised its metal coating line furnace temperature, reducing natural gas usage by around 230,000m³ to avoid around 450tCO₂-e per year. In Australia, BlueScope's Western Sydney Service Centre has increased the efficiency of its hot air recovery fan and oven exhaust system, reducing cold air ingress and lowering natural gas consumption to avoid around 1440tCO₂-e per year.

Scope 3 emissions

In line with our commitment to improve our climate disclosures, we commenced reporting on our Scope 3 emissions this year. Our results are based on FY2019 data, recognising that we are early in our Scope 3 reporting journey, with challenges in sourcing extensive supply chain information within annualised reporting timeframes. The reported findings show that our total Scope 3 emissions are generally comparable to our combined Scope 1 and 2 emissions.

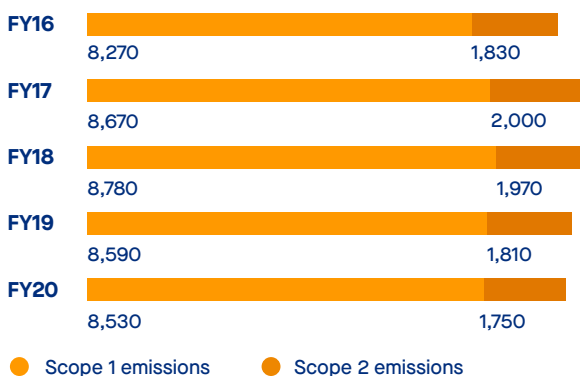
Our key scope 3 sources are steel that we purchase (in regions where we don't manufacture it within our own operations), processing of sold products (including coke) and the extraction and processing of raw materials. We will improve our Scope 3 reporting maturity over time, using current year supply chain data where practicable.

Governance

See *Alignment to TCFD recommendations* (page 42) and *Governance* (pages 10–13).

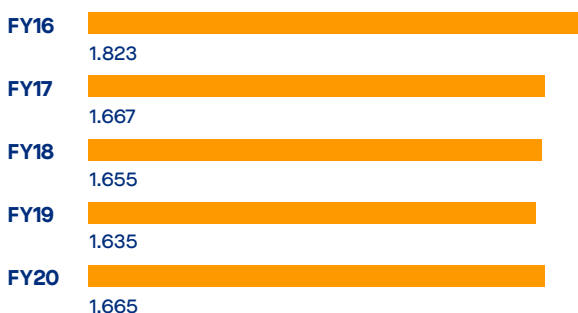
GREENHOUSE GAS EMISSIONS (Scope 1 & 2)

ktCO₂-e



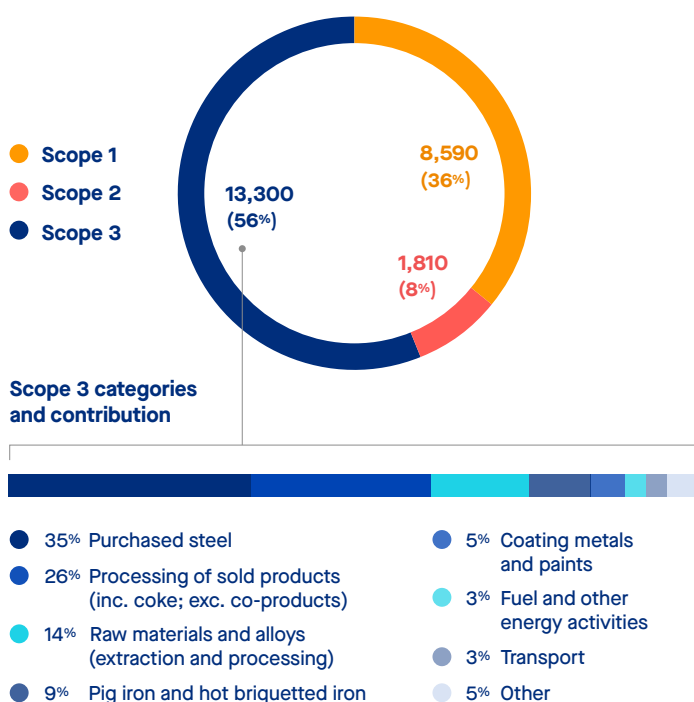
GREENHOUSE GAS INTENSITY FOR STEELMAKING FACILITIES

tCO₂-e per tonne raw steel



FY2019 SCOPE 1, 2, AND 3 GHG EMISSIONS

tCO₂-e



MATERIAL
TOPIC

Water stewardship



OUR VIEW

Water is integral to our operations, and water stewardship is a key part of our ongoing licence to operate. We recognise the need to manage our water requirements with the shared needs of the environment, local communities and other stakeholders in water catchments. Consideration of the impact that climate change may have on water availability and quality is integral to effective management.

Success looks like

Responsibly managing shared water resources and working with others to manage resources sustainably.

Highlights

- » Re-signing of the Port Kembla Steelworks Recycled Water Agreement, driving further incentives for the supplier to provide higher volumes of recycled water, equivalent to nearly 7,000ML/pa
- » More than 30% reduction in fresh water consumption at our Pacific Steel Rolling Mill in New Zealand (saving approximately 47ML/pa)
- » Combined fresh water savings from the Metal Coating Lines at our Map Ta Phut site in Thailand have realised more than 50ML/pa in savings.

Future focus

- » Progress our understanding of the physical risk of climate change to further assess water availability risks in our raw materials supply chains
- » Integrate ResponsibleSteel™ water stewardship requirements into Port Kembla Steelworks environment management system in line with broader ResponsibleSteel™ site requirements in CY2021.

Approach

BlueScope recognises that water is a scarce resource and that future supplies will be affected by population growth and climate change. We want to contribute to effective water stewardship across communities and regions where we operate.

Our commitment to manage water use is reflected in our climate risk and opportunity business plans, and we continue to optimise water monitoring, reduce use and improve discharge quality. We are developing our future water strategy in line with the ResponsibleSteel™ Standard's principles for water stewardship. Building on our knowledge of our own water use, we seek to better understand the broader context for the catchments where we operate and for water availability and quality.

Last year our Western Port facility in Victoria, Australia became the first BlueScope site to launch a Water Stewardship Plan based on the principles of the Alliance for Water Stewardship International Standard. In FY2020 the site continued to manage operational water quantity and quality, working to reduce potable water use and impacts on downstream water flows, and support biodiversity on site and in the surrounding area. Activities included storm water harvesting and reuse, weed and fox control and tree planting. Western Port's Plan forms an important basis for performance monitoring and stakeholder communication and will help inform BlueScope's broader water stewardship approach.

Monitoring and performance

Most of the water we use is consumed at our three steel manufacturing plants. Where possible, we use internally and externally recycled water to minimise our use of fresh water. At our major sites water is cleaned, cooled and recirculated, and where practical rainwater is captured on site and used.

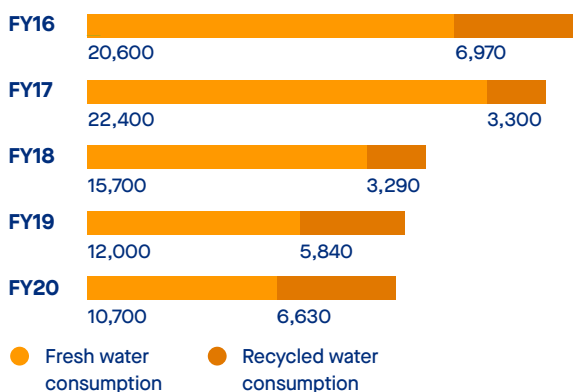
We also prioritise the use of recycled, tertiary treated water at our steelmaking facilities to minimise our reliance on fresh water. Our Port Kembla Steelworks uses around 20 megalitres per day of recycled water, supplemented by some sea water. To minimise fresh water usage, around 98 per cent of process water at the Glenbrook Steelworks is recirculated, recycled and supplemented with storm water. The remaining fresh water requirements are pumped from the Waikato River, to replace losses mainly due to evaporation and to maintain process water quality. Our North Star operations in Delta, Ohio primarily receive municipal water supply from the City of Toledo, which in turn draws from Lake Erie.

We have implemented a range of projects across our global operations to reduce our water use this year. In addition to our water savings focus, we have also undertaken projects to help protect shared waterways, including the introduction of new bunding arrangements for equipment cleaning and storage (Western Port, Australia), new vehicle unloading areas (Fiji) and hard-piping overflow protection (Port Kembla, Australia).

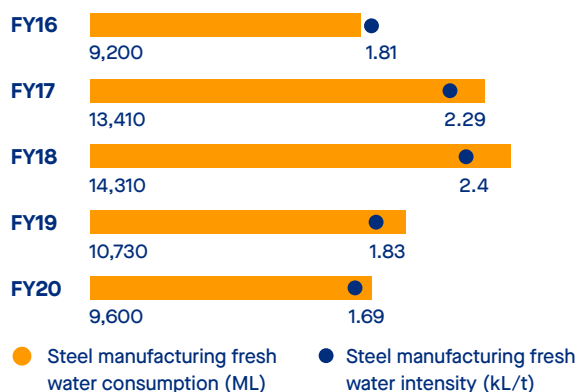
Governance

Our businesses track water use (fresh and other water sources) and report quarterly to their business management team, the ELT and the HSE Committee. Read more about our environmental risk management framework, including water risk, in the *Environmental Management* section on page 57.

RECYCLED AND FRESH WATER CONSUMPTION (ML)



STEEL MANUFACTURING FRESH WATER CONSUMPTION AND INTENSITY



Following an internal audit of certain sustainability metrics in FY2020, the water used from the Waikato River (New Zealand) was reclassified as salt water consistent with local environmental regulations. Refer to page 77 for further details.

THAILAND REVIEWS CLEANING PRACTICES FOR WATER EFFICIENCY

Our Map Ta Phut facility in Thailand has reduced water consumption at its Metal Coating Lines by over 50ML/pa through improved recycling of rinse water and the use of more efficient cleaning chemicals. The introduction of new chemicals for alkali and brush rinsing at room temperature also reduces steam use by around a third, saving around \$130,000 per year and reducing associated GHG emissions by 2,500 tCO₂e per year.



CASE STUDY

“Recycled water is important to us from both an economic and an environmental point of view. We are investing around \$800,000 in pipeline improvements to shore up the security and reliability of our recycled water supply. It’s fantastic that we can work with Sydney Water to help us to increase the amount of recycled water that we are using.”

John Nowlan
Chief Executive, Australian Steel Products

PORT KEMBLA RECYCLED WATER AGREEMENT SUPPORTS STEWARDSHIP

Our Port Kembla Steelworks has renewed its recycled water supply agreement with the local authority Sydney Water, significantly reducing demand on local fresh water sources and treated wastewater to ocean. The agreement has both a sharp cost and sustainability focus to ensure delivery volumes are maintained as high as possible.

The recycled water plant has the ability to provide most of BlueScope’s need for water that cannot be met by sea water. Sydney Water is refurbishing supply pumps to increase delivery volumes, and BlueScope has invested around \$800,000 in pipeline replacement works to secure the contract and improve the reliability of supply.

Port Kembla Steelworks now averages 91% recycled water use (tertiary treated effluent), up from 71% in 2019.

7,000_{ML} RECYCLED WATER
USE PER YEAR



REDUCING FRESH WATER USE AT STEELSCAPE KALAMA

Our Steelscape Kalama facility in North America has reduced fresh water use in the Roll Shop by almost 90 per cent. Steel rolls are cooled before grinding, traditionally by large water sprays with overflow captured in a tank for reuse. Water was lost through evaporation and the need to regularly drain and clean the tank. This year, four large water sprays were replaced by 56 light mist nozzles, reducing

water use and eliminating the need for the water tank (and associated cleaning and refilling). The change has reduced overall water use from 2,138 kilolitres per year to 285 kilolitres per year.

1,900_{KL} REDUCTION

Outcome

04

Responsible products and supply chains

MATERIAL
TOPIC

Supply chain sustainability



OUR VIEW

BlueScope's approach is to foster responsible business practices and uphold human rights through engagement, risk assessment and improvement activities. We aspire to apply similar processes and expectations to our own operations and our supply chain partners. We actively seek to partner with suppliers who share the core values expressed in Our Bond and the behaviours and principles in our Supplier Code of Conduct.

Success looks like

Ensuring that our suppliers and our own operations are engaged in responsible business practices and upholding human rights. Sourcing goods and services from suppliers who share our core values and meet our expectations for conduct. Learning from and sharing best practices with our supply partners to strengthen our supply chain community for the future.

Highlights

- » More than 850 suppliers included in our segmentation and assessment model
- » 103 supplier assessments completed, including all Priority 1 supplier assessments
- » First Modern Slavery Statement released
- » Standard contract terms updated to consider modern slavery risks and expectations.

Future focus

- » Complete all Priority 1 and Priority 2 supplier assessments, and schedule new supplier assessments in the year they come on board
- » Develop and launch our Social Compliance and Human Rights Framework
- » Evolve our supplier assessment and due diligence practices to enable greater efficiency, consistency in assessment and minimise the administrative burden on prospective suppliers.

Approach

We recognise that our supply chains represent the people who do the work to supply the goods and services that we need, the local communities whose needs and expectations must be understood and respected, and the environment that sustains our communities and provides the natural resources we need for our products. We actively seek to partner with suppliers who share the core values expressed in Our Bond and take a similar approach to looking after their employees' health, safety and mental and financial wellbeing.

Our approach to responsible sourcing and supplier expectations is outlined in our Responsible Sourcing Framework:

- » **Responsible Sourcing Standard** – sets out our principles in relation to supply chain sustainability and our commitment to embed managing supply chain risk into procurement processes
- » **Supplier Code of Conduct** – sets out our minimum standards for suppliers and forms the basis of engagement and assessment processes
- » **Supplier Assessment Framework** – tiered supplier segmentation model and assessment framework based on environmental, social and governance (ESG) risk and leverage.

“We like BlueScope’s explicit segmentation of the risk identification process, which flows into their detection and remediation activity. The risk detection process is also well stepped out in BlueScope’s disclosure – outlining the process the company goes through to transform identification into management”.

Citi Research (Equities) commentary on BlueScope’s FY2019 Sustainability Report disclosure on supply chain risk identification.

Publication: Nothing to lose but chains; A modern take on slavery for investors, 17 May 2020.

Supplier monitoring and compliance

Our Responsible Sourcing Principles and Supplier Code of Conduct are embedded in our sourcing practices and supply terms. We require all our suppliers to monitor compliance with the Supplier Code of Conduct and to advise any issues or challenges in their operations and supply chain. On an annual basis, or as required by our customers, we also seek declarations of compliance with certain national and international regulations and voluntary frameworks including Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) SVHC (Substances of Very High Concern), Conflict Minerals, ROHS (Restriction of Hazardous Substances), Proposition 65 and the Living Building Challenge Red List.

As most of our suppliers are local to the communities and countries where we operate, our conduct documents and assessment tools have been translated into local languages.

Our procurement teams undertake regular refresher training on requirements of our Guide to Business Conduct, our Responsible Sourcing Principles and jurisdiction-specific competition and consumer law. Allegations of misconduct or breaches of our performance standards can be reported through our independent “Speak Up” hotline, for investigation by our Ethics and Compliance function.

This year we completed the roll out of sustainable supply chain project training through face to face and online training sessions in 9 countries. We implemented an updated global Speak Up Policy which has been made publicly available to our employees, suppliers and members of the public. Read more about our approach to *Ethics and Compliance* on page 13.

Our Responsible Sourcing Framework, its policies and procedures are centrally developed and monitored, along with the overall Supply Chain Sustainability program of work. Local procurement teams have responsibility for supplier engagement and assessment processes and for partnering with suppliers to improve collective performance.

As part of our ongoing reviews of our standard supply chain contracts, we have updated our standard terms to ensure they outline our commitment to managing modern slavery and business conduct risks, and what we expect of our suppliers. Going forward, new contracts entered into will include these updated provisions. Major new supply arrangements are overseen by a steering committee comprising the Chief Financial Officer and Chief Legal Officer together with representatives from relevant businesses. A due diligence database helps businesses monitor the conduct of suppliers and supports our supplier assessment work.

We are building our due diligence and remediation processes for social compliance and human rights risk, both for our direct business activities and through our supply chains.

This includes country-specific human rights and ESG risk information for country leadership teams and business unit lead teams, along with a consistent view on what social compliance obligations mean for BlueScope.



Our first Modern Slavery Statement was released this year and is available on our website.



Supplier engagement and assessment

Our suppliers are our partners. They are predominantly local to our operations, work with us to meet our customers' specific needs and are critical to maintaining our continuous operations and product quality. As such, they are partners in managing the social, environmental and ethical risks inherent in our global supply chains. We engage with our suppliers to learn from them and share best practice and, where practical, collaborate to improve sustainability performance.

Our supplier segmentation process provides the basis for prioritising our suppliers for engagement and assessment. A geographical risk score is applied using ratings from public civil society risk indices and proprietary data from independent supply chain audits in each country or region where we operate. With more than 850 suppliers in the segmentation model, we prioritise our engagement and due diligence efforts on Priority 1, Priority 2 and Specialised suppliers, and new suppliers that are expected to fit into one of these categories. Priority 1 and 2 suppliers are subject to a desktop assessment, self-assessment questionnaire and/or onsite assessment as required to identify issues, and the processes that the supplier has in place to manage these.

The segmentation model applies to over 80 per cent of our supply chain by value, and we have added more than 150 additional suppliers based on potential risk and feedback from our local procurement teams. As at the end of FY2020 we have 25 Priority 1 and 195 Priority 2 suppliers. 177 assessments have been initiated since the introduction of the assessment framework in FY2019, with 103 assessments completed (82 in FY2020).

We aim to work cooperatively with suppliers and to resolve identified issues within reasonable timeframes. Supplier assessments may result in corrective action plans, revised supplier conditions or escalation of significant issues.

While we have a 'zero tolerance' approach to critical breaches of our Supplier Code of Conduct, BlueScope does not walk away from suppliers facing genuine difficulties in achieving compliance.

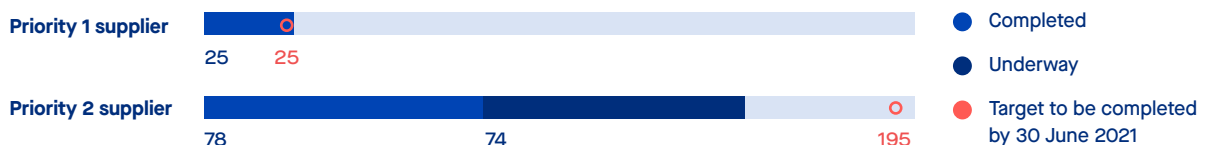
We recognise there are potential human and broader community impacts that may result from termination of these business relationships, and as such, our first aim is to ensure that any such difficulties are addressed and remedied, and practices put in place to avoid recurrence. If we then believe that there is both commitment and capability of the supplier to avoid recurrence, we will usually continue to work with suppliers until and unless there is any repetition. Ongoing non-compliance with our principles and expectations may lead BlueScope to terminate the business relationship.

We generally engage with suppliers by face-to-face meetings, phone conversations or training to ensure the intent of the Supplier Code of Conduct and the assessment process is understood. While our approach has been received positively, we are finding that this process is new for many domestic (non-multinational) suppliers and that smaller suppliers often require more support to complete the assessment. We encourage open dialogue with them.



SUPPLY CHAIN ASSESSMENTS

As at 30 June 2020



As we expand the number of suppliers assessed, we are finding that more supplier responses require further action, either as a requirement for corrective action or an onsite visit. We review samples of this assessment activity and corrective action plans centrally to ensure consistency and quality.

All Priority 1 supplier assessments were completed in early FY2020, and we have now also completed assessments for 40 per cent of Priority 2 suppliers. Approximately 10-15 per cent of assessments resulted in formal corrective actions and more frequent assessments.

A review of our supply and install contracting arrangements this year highlighted social and labour risks in the local construction supply chain for some of our businesses in the ASEAN region. In response, we are enhancing our supplier pre-qualification and onboarding processes, contracting arrangements and site auditing process.

Around 10-15 per cent of assessments resulted in formal corrective actions and more frequent assessments.

Segmentation model

MODEL	ANALYSIS	SEGMENTATION
Risk Assess potential risk associated with suppliers based on set risk criteria	» Inherent social country risks from public domain data » Inherent environmental risks from public domain data » Independent external supply chain audit data at country/province level	<div> <div>Moderate</div> <div>Priority 2</div> <div>Priority 1</div> </div>
Leverage Assess possible leverage to engage with suppliers based on materiality and length of relationship	» BlueScope \$ spend with supplier over last three years » BlueScope years of relationship with supplier » Trend of BlueScope spend over the last three years	<div> <div>Minimum</div> <div>Priority 2</div> <div>Specialised</div> </div>

SHARING AND LEARNING WITH OUR SUPPLIERS

We engaged with supply partners around the globe this year, hosting events and attending conferences to address key sustainability challenges. NS BlueScope's Phu My site in Vietnam hosted their first supplier sustainability conference (pictured), bringing together over 50 guests, mostly suppliers, to discuss key issues for South East Asia and outline our Supplier Code of Conduct and assessment process.

New Zealand Steel's Glenbrook site hosted the 2020 Health and Safety Supply Chain Partner Conference, bringing together around 150 employees, customers and suppliers to discuss and share ideas around the theme 'People are our Solution'.

BlueScope representatives from Singapore, Thailand and Australia attended the 2019 CSR Asia summit, Asia's largest sustainability conference, to explore supply chain challenges such as migration, human rights and the move to a more circular economy.



CASE STUDY

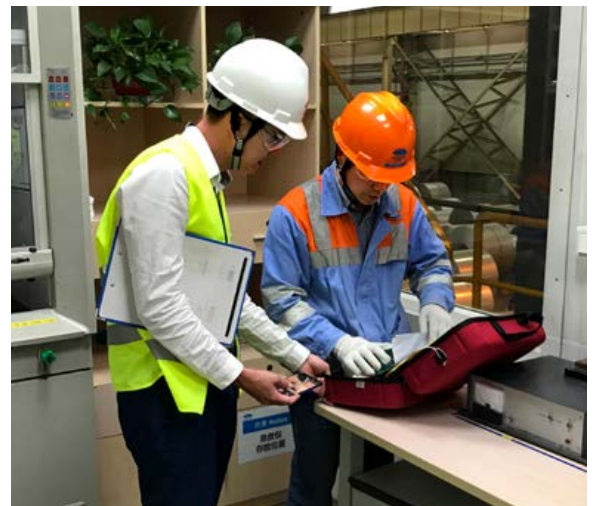


Assessing our own sites

This year we conducted a pilot program of site assessments at two of our operational sites – NS BlueScope Kapar (above) and BlueScope Suzhou – to experience the assessment process and to obtain an external perspective on our compliance with social compliance standards. These BlueScope own site assessments were conducted by an independent third party and our sites were found to have good systems and processes in place for many aspects of social performance. Areas for improvement included harassment and grievance procedures, procedures for checking worker age and for ensuring no forced labour, records of hours worked and calculation of overtime wages. The corrective actions identified have been resolved and we will use these findings to further develop our approach to assessing our own sites.

We are building our due diligence and remediation processes for social compliance and human rights risk, both for our direct business activities and through our supply chains. This includes country-

specific human rights and ESG risk information for country leadership teams and business unit lead teams, along with a consistent view on what social compliance obligations mean for BlueScope. The program will commence in FY2021 using third-party assessment to evaluate compliance at specific sites and recommend actions to close gaps.



FAVOURABLE TERMS FOR SMALL BUSINESS SUPPLIERS

This year we saw a significant increase in small business suppliers on shorter payment terms, with proactive engagement with Australian suppliers about our revised Supplier Payment Code.

Our revised Code commits BlueScope in Australia to using best endeavours to pay our suppliers on time, as well as offering Australian small businesses payment terms of 15 days from end of month.

The Supplier Payment Code is available on our website and this year we proactively contacted suppliers who may be eligible for shorter payment terms, inviting them to apply. This campaign has led to changing terms for over 300 suppliers and positive feedback from those in this category.



CASE STUDY

Supply chain resilience

Security of supply for key input materials and services is paramount in much of our decision making. Where practicable we adopt supply chain redundancy strategies or use many suppliers (or supply points) for a product or service to mitigate the impact of supply chain disruptions to our business. The widespread disruption caused by COVID-19 highlighted some vulnerabilities in our supply chain this year, in many cases with tier two supply (the suppliers to our suppliers). However, in all cases we were able to work with our suppliers to find a suitable solution and were able to avoid business impacts. We will work to improve our resilience assessments and contingency planning for key input materials for the future.

We acknowledge and express our appreciation for the many suppliers who went above and beyond contracted commitments to keep our manufacturing sites running during COVID-19. They have demonstrated true partnership.

Governance

Progress against the Supply Chain Sustainability work program is overseen by the ELT and Risk and Sustainability Committee (RSC) quarterly. The Chief Financial Officer (CFO) has executive oversight of the program and regularly reviews its progress, as well as supplier assessments and corrective actions. The CFO is responsible for communicating serious issues or concerns to the ELT and the relevant Board Committee, alongside regular progress reporting to the RSC.

A steering committee chaired by the Chief People Officer will oversee our Social Compliance and Human Rights risk program to ensure appropriate application of learnings across the business.



CASE STUDY

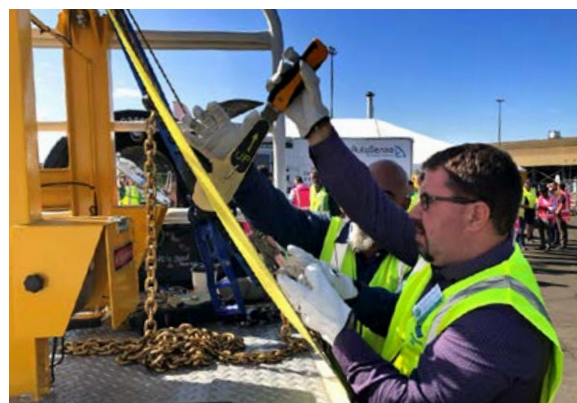
LOAD RESTRAINT TRAINING FOR SAFER PRODUCT TRANSPORT

Effective load restraint is critical for managing the risks associated with steel transport, avoiding dangerous load shifts or loss of containment during transit. Loads are typically restrained by the driver and applying the load restraint also carries a risk of injury.

Our Australian transport partner, K&S Freighters has developed and deployed innovative load restraint training units for drivers. The program aims to help drivers better understand clamping force and safe working load, teach them how to spot common load restraint faults to stop loads shifting in transit, and reduce driver injury from applying load restraint.

BlueScope risk engineers were consulted during the development of the training unit which has also been used at BlueScope sites. The initiative won BlueScope's 2019 Supply Chain Partnership Excellence Award, recognising the positive partnership to improve health and safety outcomes.

Augmented reality has also been introduced to support training in load restraint for steel products. The technology supports a consistent approach for remote training (where face-to-face training is limited) and allows drivers and loaders to experience life-like scenarios to underpin the key safety concepts of load restraint.



MATERIAL
TOPIC

Environmental management

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



OUR VIEW

We are committed to protecting the environment and being a responsible neighbour. Resource efficiency enables us to provide smarter steel solutions with the least impact on natural resources and the local environment.

Success looks like

Optimising our use of resources and to minimise the impact of our operations on the local environment.

Highlights

- » Diverted more than 120,000 tonnes of material away from treatment or landfill and saved over \$3.5 million
- » 98% materials efficiency.

Future focus

- » Aim to eliminate the effect of process disturbance on air, water and community amenity
- » Certify Port Kembla Steelworks to the ResponsibleSteel™ standard by end of CY2021.

as required by site licencing arrangements.

Most of our operating facilities, including our three steelmaking sites, also maintain ISO 14001 certification⁷ for their environmental management systems, providing additional assurance that our approach is suitable, adequate and effective.

We operate in consultation with our local communities and are accountable for managing any potential impact on local resources and amenity. All our operations have community engagement processes in place, with our larger sites operating formal Community Consultation Committees. Read more about *Community Engagement* on page 69.

We focus our attention on six key environmental aspects that are common to industry; land, air, water, waste, noise and energy and GHG emissions. All our businesses have the opportunity to participate in our environmental recognition program, implementing environmental initiatives, documenting benefits and sharing learnings across BlueScope. 61 projects were submitted from across the business in FY2020, engaging hundreds of employees, driving environmental improvement and contributing nearly \$6 million pa in ongoing business savings.

Our approach is underpinned by our integrated HSE management systems and defined risk control practices. Read more about our management systems in *Safe and Inclusive Workplaces* on page 29.

Approach

BlueScope is committed to protecting the environment. We operate our facilities with due respect for environmental laws, for protecting the amenity of our community neighbours and the longer-term viability of shared, natural resources.

Our facilities worldwide are regulated on environmental matters by local authorities and report environmental performance data

⁷ ISO14001 is the international standard that specifies requirements for an effective environmental management system (EMS).



“The BlueScope Community Consultative Committee has become a model for engagement between industry and the community. As Chairperson, my task is to continually engage the community, local agencies and other stakeholders in discussions with BlueScope so they can relay back information and put forward ideas and concerns – especially about environmental issues. The opportunity for free, frank and open discussion between members of the community and senior BlueScope people has created greater trust and respect for BlueScope’s steelmaking operations and business at Port Kembla.”

Gordon Bradbery AM

Lord Mayor of Wollongong

Air

We maintain a strong focus on reducing our impact on local air quality. Steel manufacturing, welding and coating and painting activities are complex processes, and stable operations are required to minimise air emissions and disturbances in air quality. Emissions of oxides of nitrogen (NO_x), sulphur dioxide (SO₂) and fine particles less than 10 microns (PM₁₀) are recognised as key steelmaking air emission metrics. These emissions directly impact air quality and have the potential to affect the communities where we operate. BlueScope has strict monitoring processes in place across all sites to capture and report air quality performance, monitor compliance with licence limits and to identify opportunities for process improvements.

We implemented a range of initiatives to reduce point and fugitive dust sources in FY2020. At New Zealand Steel’s Glenbrook Steelworks we have reduced our fugitive emissions through reducing trucking movements and installing truck wheel washes, cleaning truck draw bars prior to leaving the stockpile area and improving the Secondary Vent Baghouse screw seals. Improvements at the Port Kembla Steelworks shipping berth, to minimise spillage,

and optimisation of the Coke Screenhouse dust collection system have also reduced fugitive dust. In China, upgrades to the incinerator at Suzhou and the air emissions treatment equipment at Xi’an have seen demonstrable reductions in the volatile organic compound emissions from these facilities. Read more in *Reducing paint emissions at our China operations*.

Waste and the circular economy

Our manufacturing processes are optimised to minimise our use of resources, reduce waste and re-use or convert waste materials into other valuable products. Along with commercial benefits, this approach promotes a circular economy, preventing waste materials from going to landfill and supporting raw materials to be used in sectors beyond the iron and steel industry.

We monitor material efficiency as a measure for effective waste management in steelmaking. This measures the percentage of total outputs that are converted to products and co-products. In FY2020 around 2 per cent of the outputs from our steelmaking facilities were classified as waste requiring disposal.

REDUCING PAINT EMISSIONS AT OUR CHINA OPERATIONS

Upgraded emissions technology at our mid and downstream operations in China continued to improve our air quality performance this year.

BlueScope Suzhou’s air emissions have significantly reduced with the upgrade of the Coil Paint Line’s incinerator burner this year. Improvements included replacing the existing incinerator burner and installing a new burner chamber and electrical control system. The changes have resulted in improved flame combustion and a significant reduction in NO_x, and other monitored air emissions.

BlueScope Xi’an’s new volatile organic compound (VOC) treatment process reduces air emissions and readily meets local testing requirements. The site’s previous activated carbon system has been replaced with a zeolite and regenerative thermal oxidiser (RTO) system; a zeolite filtration absorbs and compresses gaseous VOC emissions from the painting house and the RTO decomposes the organic solvents in the compressed gas.

CASE STUDY

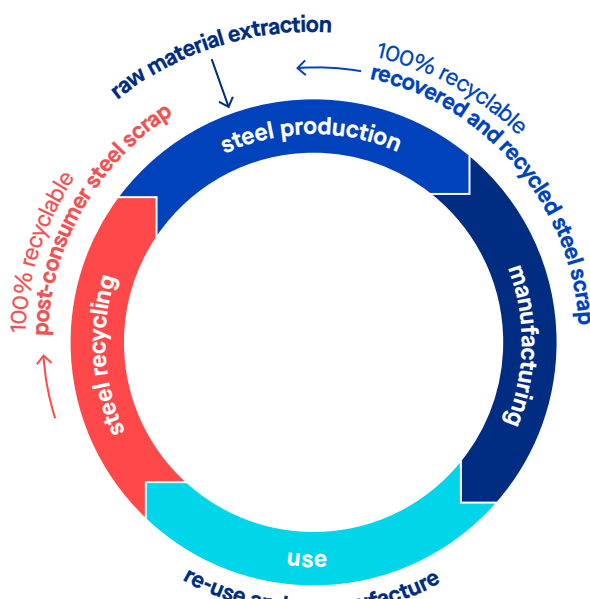
Waste reduction projects at BlueScope sites have diverted more than 120,000 tonnes of material away from treatment or landfill, and delivered cost savings of more than \$3.5 million this year. We continue to reduce our consumption of raw materials and minimise waste through raising awareness and collaboration across BlueScope.

Improvements include introducing offsite dross recycling (eliminates a waste stream generated in the metal coating process), optimising the use of pre-treatment cleaning chemicals, water and steam, a move to source paint consumables in reusable steel drums instead of plastic containers, introducing reusable painting line filters, timber recycling and improved waste segregation to support material reuse by local community organisations. We are also investigating options to reduce, or improve recycling mechanisms for, transport packaging and finished product wrapping.

In addition to reducing internally generated waste, we are also working with local regulators to identify, and realise, innovative opportunities to reuse waste generated in other sectors of the community. This year we worked to divert suitable waste spoil from community landfill for use as fill in our Port Kembla Packaging Products facility upgrade. We also trialled using waste plastic as a substitute for a portion of the metallurgical coal required in our coke-making facilities.

New Zealand Steel has introduced a truck cleaning zone in each of their coal yards, reducing coal dust losses to air and stormwater, reclaiming around 90 tonnes for reuse and saving around \$12,000 per year.

STEEL IS CENTRAL TO A CIRCULAR ECONOMY – ONE WHERE SOCIETY ENSURES RESOURCES AND MATERIALS REMAIN IN USE FOR AS LONG AS POSSIBLE



The four principles of a circular economy as they relate to steel⁸ are:

Reduce Less material, water, energy and other resources used to create steel, and reduced weight of steel used in products.

Reuse Use of an object or material again, either for its original purpose or for a similar purpose, without significantly altering the physical form of the object or material. This includes re-purposing co-products to minimise the amount of waste sent to landfill, and preserve the use of raw materials in sectors beyond the iron and steel industry.

Remanufacture Restore durable used steel products to as-new condition.

Recycle Melting steel products at the end of their useful life to create new steel, and creating a new application from the recycled material.

DIVERTING WASTE FILL FOR BENEFICIAL USE

BlueScope ASP has diverted over 40,000 tonnes of fill material for beneficial use under a Resource Recovery Exemption agreed with the New South Wales Environment Protection Authority (EPA). The site undertook a major project to re-develop the Packaging Products buildings by filling in a number of large pits, levelling the area and facilitating the use of historically underutilised facilities. The project was better than cost neutral, with construction costs covered by the revenue generated from accepting EPA-approved fill material. Further fill opportunities are being considered.

8 Steel's contribution to a low carbon future and climate resilient societies – worldsteel position paper, World Steel Association, 2017.

MATERIALS EFFICIENCY

98%

MATERIALS EFFICIENCY BREAKDOWN

77%

Steel

21%

Co-products

Valuable co-products

Our manufacturing processes are optimised to minimise our use of resources, reduce waste and re-use or convert waste materials into other valuable products. In FY2020, 46 per cent of BlueScope's raw steel production originated from recovered and recycled scrap steel⁹, with 98 per cent materials efficiency achieved this year. Where practical we use by-products and waste products, from both our own operations and other sources, as substitutes for virgin raw materials. Along with commercial benefits, this approach promotes a circular economy, preventing waste materials from going to landfill and supporting their use in sectors beyond the iron and steel industry.

The co-products from steel manufacturing have many uses, from road base, concrete and cement to garden mulch, pigments and fertiliser. Our key co-product by weight is slag (around 1.6 million tonnes per year), which is composed of various metal oxides that are extracted as impurities from the ironmaking and steelmaking stages of crude steel production. We produce four main types of slag;

- » Blast furnace slag (Port Kembla)
- » Melter slag (New Zealand Steel)
- » Vanadium slag (New Zealand Steel)
- » Steelmaking slag (from our three steelmaking operations).

Blast furnace slag is a vital input to the cement industry, where it can be used as a substitute for

the emissions intensive active ingredient, clinker. Ground Granulated Blast Furnace Slag can be utilised as a general cementitious replacement (25 – 50 per cent) for Portland Cement in concrete construction¹⁰, resulting in lower GHG emissions associated with cement production. However, its use is constrained by current availability.

Use of BlueScope's steelmaking slag as a cement industry clinker substitute avoids over 380,000 tCO₂-e every year

Vanadium slag recovered from our Glenbrook Steelworks is used in the manufacture of high strength steel products. We produce other valuable co-products at different points along our value chain. Pickle liquor (non-processed ferrous chloride solution) from our coating and painting activities is reused by other industries for waste water treatment. Melter chip and aggregate is used in road base, pavements, drainage and water treatment applications.

Governance

Many of BlueScope's operational facilities, including all iron and steelmaking sites, are certified to ISO14001. Environmental governance is undertaken in line with our HSE Management Systems. Read more on page 33.



CASE STUDY

CO-PRODUCTS FOR SAFER ROADS AND WASTE WATER TREATMENT

Melter Chip and Melter Drainage Aggregate are valuable co-products produced in New Zealand Steel's iron making process.

Melter Chip is used in road construction. Its superior long-term skid resistance, compared to quarried aggregate, is recognised by the New Zealand Transport Agency.

Melter Drainage Aggregate is used in drainage and wastewater treatment applications, filtering undesirable elements such as phosphorous and heavy metals from water to improve quality. New Zealand's Waiuku Wastewater Treatment Plant uses Melter Drainage Aggregate and has been demonstrated to remove 77 per cent of the total phosphorous in the wastewater.



CASE STUDY

CRITICAL OXYGEN SUPPLY TO MANY AUSTRALIAN HOSPITALS ORIGINATES FROM THE PORT KEMBLA STEELWORKS

At Port Kembla Steelworks, blast furnace and coke ovens gas is used to generate steam and subsequently generate process air. The process air is then supplied to Coregas (medical, industrial and specialty gas producer) to produce oxygen, nitrogen and argon for use in hospitals in New South Wales (NSW), Queensland and Victoria. For NSW alone, this accounts for around 80 per cent of the total oxygen supply. The oxygen used in hospital intensive care units in NSW to treat COVID-19 cases originates from the Port Kembla Steelworks.

⁹ BlueScope's definition of scrap steel feed was updated in FY2020. Refer to page 77.

¹⁰ Reference: Australasian (Iron & Steel) Slag Association (2020). Products – Granulated Blast Furnace Slag.

MATERIAL
TOPIC

Sustainable products



OUR VIEW

Working with our customers, our broader supply network and research institutions, our optimised product forms part of a critical circular economy.

Success looks like

Driving value through circular economy principles, developing products that are made efficiently, are kept in use for as long as possible, and then recovered for recycling at end of life.

Highlights

- » BlueScope cool roofing solution used in Australia's first building to achieve Living Building Status
- » Customer-led collaboration for product development
- » Updated environmental product declarations support customers' decision-making.

Future focus

- » Maintain a diverse pipeline of research and development (R&D) initiatives aimed at evolutionary and revolutionary product solution improvements via new technology.

Approach

BlueScope has a proud heritage of product innovation, working to enhance the beneficial use of our products, reduce material usage and extend product life. We focus on product stewardship to reduce the impact of our products throughout their lifecycle, on the environment and on human health and safety.

Supply chain collaboration is key to understanding market shifts and opportunities to engage on product sustainability. Our iterative innovation process relies on talented employees working with external collaborators. The process views future opportunity through a broad lens which captures and assesses both market led and technology trends, resulting in a pipeline of products and services for the next 10 years and beyond.

BlueScope collaborates with leading universities and select technology research institutes around the globe. Intellectual property developed as a result of our R&D programs and collaborations is captured and prudently managed. BlueScope regularly features in the top ten Australian organisations most frequently registering international patent applications and amongst the top three in the manufacturing category (Pictured: COLORBOND® steel outdoor exposure testing, Australia). BlueScope is also a member of the Australian Building 4.0 CRC, a collaborative effort across the construction sector supply chain to enhance building performance, market efficiency and workforce capability. Read more in *Transformation* on page 25.

Our customers increasingly expect clear information about the sustainability performance of our products. We conduct life cycle assessments for a range of products and provide product information in accordance with a range of national and international product ecolabelling schemes to inform decision making.

We continue to review the relevance of our product development pipeline while considering future and emerging external factors and consumer shifts in the regions where we operate.



“As a valued long-term member and partner of the GBCA, BlueScope has shown leadership through continuous improvement of its products, as well as active engagement and collaboration across the whole value chain for Green Star projects.”

Davina Rooney
CEO, Green Building Council of Australia

Sustainable product solutions

BlueScope proudly designs products to anticipate and meet customer needs and demonstrate strong sustainability credentials. Many of our products have provided enduring solutions for decades and will do for many years to come. Steel provides designers with the opportunity to configure solutions for resilience, sustainability and to support the shift towards a circular economy.

Cool roofing solutions

BlueScope has been a leader in developing pre-painted steel solutions incorporating cool roof coating technologies.

In COLORBOND® steel our unique Thermatech®¹¹ solar reflectance technology, is designed to reflect more of the sun's heat on hot sunny days, helping to reduce indoor building temperatures for human comfort and energy consumption. For commercial, aged care and industrial applications, COLORBOND®

Coolmax® steel has been specifically designed as BlueScope's highest solar reflectance pre-painted steel product to achieve durable thermal performance and which can help reduce building temperatures. Using COLORBOND® Coolmax® steel may also help mitigate the impact of Urban Heat Islands¹².

BlueScope Zacs Cool® is our cool roofing and walling product for retail building material markets across the ASEAN region. Designed with solar reflectance technology, it keeps the surface temperature of roofs lower by reflecting heat, which keeps the interior of home cooler.

In New Zealand COLORSTEEL® Bounce® uses a unique paint system that works to reflect the sun's energy. Allowing the roof and internal environment to stay cooler on hot days, COLORSTEEL® Bounce® reduces buildings' cooling energy costs.

NEW ZEALAND SUSTAINABLE STEEL COUNCIL

New Zealand Steel has played a foundational role in the re-establishment of the New Zealand Sustainable Steel Council. The aim of the Council is to support the local steel industry in building skills, capacity and processes for maximising steel's contribution to a sustainable, low emissions and climate resilient society.

An audit and certification program based on the Living Standard framework has been rolled out over the past 12 months and over 60 per cent of the structural steel sector in New Zealand is now certified.

The Council is also working on the development of resources such as case studies articulating the benefits of local steel supply and factsheets demonstrating the circular economy of steelmaking within New Zealand.



¹¹ Thermatech® technology is not available in Night Sky®, or non-standard colours, and is not available in COLORBOND® Stainless steel, COLORBOND® Metallic steel, COLORBOND® Coolmax® steel or COLORBOND® Coolroom steel. Results will depend on roof colour, level and location of insulation, type and location of building shape and function.
¹² An urban heat island is an urban or metropolitan area that is significantly warmer than its surrounding rural areas due to human activities, modification of land surfaces and waste heat generated by energy use.

Advanced coating technologies

Activate® technology is BlueScope's industry leading, patented, metallic coating technology.¹³ The unique composition and microstructure of the aluminium / zinc / magnesium alloy coating (AM) was developed for improved corrosion resistance compared to aluminium / zinc alloy coating (AZ), and acts in three ways:

- » Magnesium, aluminium and zinc compounds are strategically positioned in the coating to provide sacrificial protection.
- » Magnesium compounds encourage the formation of a more robust barrier, slowing the rate of subsequent corrosion.

- » Magnesium compounds also 'activate' the metal coating resulting in more effective, longer-lasting sacrificial protection.

BlueScope's original ZINCALUME® steel reduced metal coating usage by 45 per cent and increased life by up to 400 per cent over traditional galvanised steels. The introduction of super-polyester paint coatings significantly increased aesthetic performance of COLORBOND® steel over alternative painted products whilst using less material. BlueScope's Activate® alloy coating technology follows this tradition and further reduces metal coating usage and extends useful product life across a broad range of products.



WORKING TOGETHER FOR SMARTER BUILDING SOLUTIONS



CASE STUDY

Supply chain collaboration is key to understanding market shifts and opportunities to engage on product sustainability. BlueScope is a consortium partner of the Australian Building 4.0 CRC (Cooperative Research Centre), a collaborative effort across the construction sector supply chain to enhance building performance, market efficiency and workforce capability. Launched this year, the initiative is aligned to our transformation objectives, with a focus on the use of digital solutions, new products and processes

to enhance customer experience and drive more efficient and safer construction methods. The CRC will have a combined research fund of \$130 million over seven years. Efficiencies are expected to be driven by an increased use of data science and artificial intelligence, with further adoption of robotic and digital fabrication processes across all stages of a project's lifespan.



Australian Government
Department of Industry, Science,
Energy and Resources

Business
Cooperative Research
Centres Program

¹³ Activate® technology is not available for COLORBOND® Stainless steel, COLORBOND® Coolroom® steel and COLORBOND® steel products with a galvanised steel substrate.

Resilient products for New Zealand seismic conditions

Pacific Steel's SEISMIC® branded bar and coil products are made to meet New Zealand's seismic conditions, as well as the demanding requirements of local authorities around the country. SEISMIC® products are ACRS (Australasia Certification for Reinforcing and Structural Steels) certified, IANZ (International Accreditation New Zealand) accredited and fully traceable.

Healthy building solutions

COLORSTEEL® DRIDEX® is an innovative roofing and wall cladding solution that delivers superior condensation absorption and allows for enhanced ventilation for a healthier internal environment, whilst providing a faster, safer and more cost-effective installation process. The product uses a unique anti-condensation fleece layer to combine several building elements into one. COLORSTEEL® DRIDEX®

is recognised as a Sensitive Choice® product, acknowledging its ability to deliver healthier, internal environments for residential and commercial buildings.

Efficient flooring solutions

Fielders SlimFlor™ is a steel flooring solution that can replace traditional concrete-framed solutions in mid-rise and high-rise developments. Fielders SlimDek 210™ flooring profile with Asymmetric Steel Beam Sections (ASB) provides a floor system that combines steel's strength, lightness and durability into a more sustainable construction solution. Advantages include speed and ease of construction, minimal temporary propping allowing for fit out of lower floors while upper floors are being constructed, minimal site wastage, reduced logistics, the lightweight structure that reduces the sizes of substructure and footings, reduced number of trades on site (reducing safety risks) and inherent fire resistance without the need for additional fire protection.



CASE STUDY

LIGHT GAUGE STEEL TRANSFORMS BUILDING DESIGN AND CONSTRUCTION

Light gauge steel framing encourages designers to make the most of available space. It lends itself perfectly to innovative designs and non-conventional roof lines, helping to create distinctive, highly individualised structures.

The high strength-to-weight ratio of steel roof framing allows for long spans, which in turn enables larger, more open living areas. Steel meets increasingly stringent building and fire regulations and can stand the test of time. The material is perfect for designing structures that can be re-fitted and re-used many times over, further saving valuable resources.

BlueScope continues to collaborate with research institutions to extend the application of light gauge steel frames for residential buildings, and mid-rise buildings with the aim of increased construction efficiency, reduce cost and improved environmental credentials. Collaboration in research and development has been successfully completed in the Australian Research Council Steel Research Hub and, more recently, the establishment of the Building 4.0 CRC – an initiative seeking to transform how buildings are designed and manufactured in Australia.



Light-gauge steel solutions

Our light gauge steel products are lightweight, strong and are delivered pre-cut or pre-fabricated to building sites.

BlueScope's light gauge steel has the potential to deliver sustainability benefits including reduced site disturbance and onsite waste, and supports the re-use of existing structures and more cost-effective buildings.

TRUECORE® and AXIS® are some of the light gauge steel products offered by BlueScope and New Zealand Steel.

Product sustainability credentials

Our customers want credible information about the environmental credentials of our products to inform their decision-making and support their own sustainability objectives. We work to certify our products to recognised ecolabelling schemes and source input materials responsibly. Read more about our supply chain approach in *Supply Chain Sustainability*.

Environmental Product Declarations

Our Environmental Product Declarations (EPDs) respond to market demand, providing transparent and verified disclosure about the life cycle of our products' impacts. The information provided ranges from simple recycling information to in-depth life cycle assessment (LCA) results. Our EPDs are product specific and enable downstream users to earn points for certification schemes such as Green Star and the Infrastructure Sustainability (IS) rating scheme in Australia.

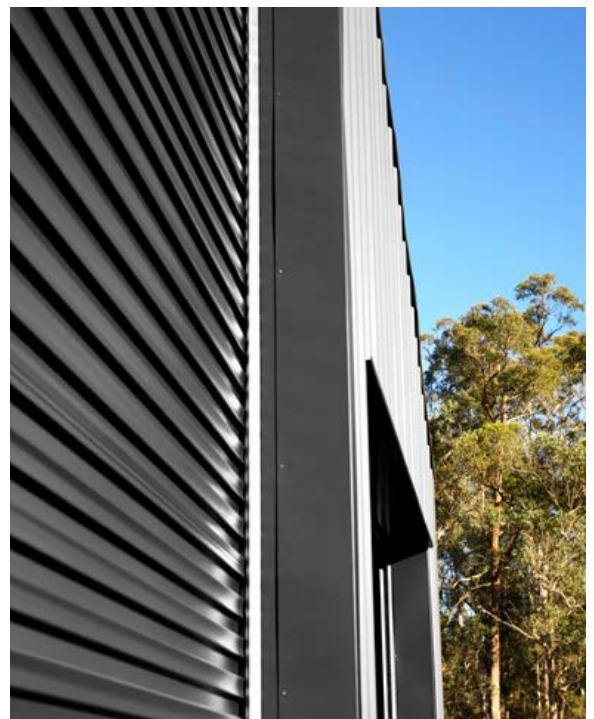
CREATING THE STANDARD FOR SUSTAINABLE AND RESILIENT HOMES

BlueScope has sponsored the development of a new standard for sustainable Australian homes, Green Star Homes, developed by the Green Building Council of Australia. Together, we are helping to create a market for healthy, resilient and net zero energy homes.

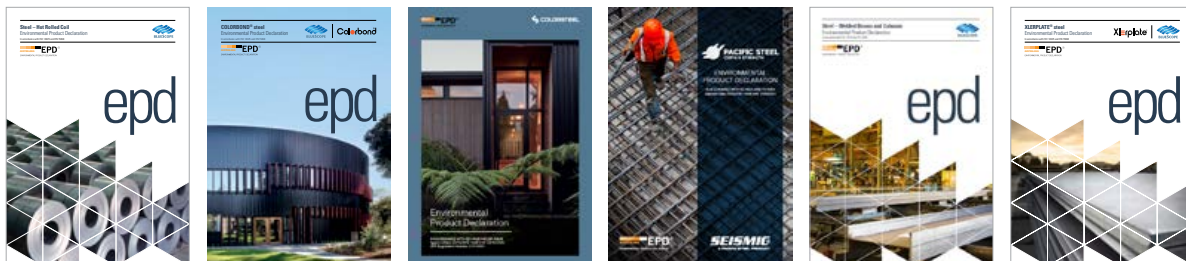
We are also sponsoring the development of a new star rating system for bushfire resilience developed by the Bushfire Building Council of Australia (BBCA) in conjunction with the CSIRO. The Bushfire Resilience Star Rating System (BRSR) recognises improved disaster resilience results in longer building lifecycles and more sustainable outcomes. The approach is aligned to the Green Star for Homes and Passive House rating systems and is designed to be a simple tool for householders to determine the resilience of their existing or new build. Currently, buildings are designed and materials are selected under the assumption that residents will be present to douse embers and carry out firefighting activities before and after the passage of a fire front. BRSR proposes an innovative, new approach, with increased passive and remotely activated fire protection to reduce the extreme property loss rates from house-to-house ignition and evacuation policy.

The BRSR system motivates and rewards the use of non-combustible materials and robust building systems for retro-fits and new builds. Steel framing, roofing, cladding, posts, supports, gutters, flashing, window and door frames, shutters and screens are

expected to achieve the maximum points available. The BRSR also considers the ability of building systems and materials to withstand a changing climate, in particular material pre-drying from drought conditions, increased wind exposure and more intense and prolonged bushfire seasons – steel performs at the highest level.



BlueScope's EPDs are compliant with International Standard ISO 14025 and European Standard EN 15804. We have registered EPDs for COLORBOND® steel, XLERPLATE® steel, Hot Rolled Coil and Welded Beams and Columns, COLORSTEEL®, SEISMIC® and our complete AEP Span and ASC Steel Deck product lines.¹⁴



Our key EPD information is available on our websites and in a range of industry sources to support informed decision-making across the life cycle of a building or project:

- » **Australia** – Infrastructure Sustainability Council of Australia's (ISCA) IS Materials Calculator, ISCA's ISupply and the Building Product Information (BPI) Rating portal.
- » **New Zealand** – EBOSS, ArchiPro and Productspec databases of performance and compliance information for New Zealand building product suppliers.

- » **United States** – SCS Global Services Green Products Guide, Origin, Sustainableminds.com and the International Living Future Institute's manufacturer database.
- » **International sources** – the International EPD System and the EPD Australasia website.

BlueScope continues to develop product-specific EPDs in line with product and segment demand. In FY2021 we will republish the EPDs for XLERPLATE® steel, Hot Rolled Coil and Welded Beams and Columns, an extensive process that maintains the currency and reliability of our product disclosures.

Prior to a paint technology change in 2019 New Zealand Steel conducted an LCA study to ensure the published COLORSTEEL® EPD would remain accurate. A follow-up LCA study was also completed once the paint technology was changed to validate the LCA data.



CASE STUDY

AUSTRALIAN FIRST TO ACHIEVE LIVING BUILDING STATUS

The University of Wollongong's Sustainable Building Research Centre showcases the future of green building design, achieving Living Building Status this year. As an industry partner, BlueScope's materials played a key role in meeting the Living Building Challenge's Materials requirements. COLORBOND® Ultra steel in Fielders KingKlip® 700 profile in the colour Surfemist® and COLORBOND® Coolmax® steel in the same profile and in the colour Whitehaven®, were chosen for their high solar reflectance, thermal efficiency and ease of maintenance. The two materials are used side by side to enable researchers to compare their thermal performance under the same conditions.



¹⁴ The EPDs cover the JV supply chain (BlueScope and Nippon) and our North Star supply chain for the AEP Span business unit and the ASC Steel Deck business unit.

Ecolabels and other product declarations

Our New Zealand Steel, Pacific Steel and Steltech products are licensed to use the Environmental Choice New Zealand (ECNZ) ecolabel. This year we expanded our New Zealand Steel pre-painted and Resin Coated Steel Products licence to include audited rollformers, so that finished building products are also covered by the ecolabel. With this ecolabel, COLORSTEEL® is now eligible to contribute to points under both the New Zealand Green Building Council (NZGBC) Greenstar and Home Star rating tools – recognising its contribution in creating healthy, efficient and sustainable buildings.

NS BlueScope has third party verified Health Product Declarations, LEED¹⁵ Summary Sheet, and is approved to use the Living Building Challenge Red List Free label, for AEP Span's complete product line in a ZINCALUME® Plus coating and ASC Steel Deck's complete product line.

Governance

Product developments are managed through a gated process in which health, safety and environment elements are addressed, assessed by specialists and reported quarterly through tiered innovation governance processes, culminating at ELT.

Commercialisation of new products includes extensive customer trials and product monitoring in market to verify benefits and impacts through the value chain. Manufacturing process are accredited to ISO9001 Quality Management Standards to ensure reliability and minimise product waste.

LATEST NATIONAL CONSTRUCTION CODE REINFORCES THE ENERGY SAVING BENEFITS OF COOL ROOFING



CASE STUDY

BlueScope has long been an advocate for low solar absorptance and cool roofing, supporting a range of research projects internally and through the Co-Operative Research Centre for Low Carbon Living, designed to better understand the full extent of benefits that cool roofing can have in different building situations. The latest release of Australia's National Construction Code (NCC) recognises the merit of cool roofing in reducing building energy consumption and GHG emissions.

These projects, and now the NCC code changes, build on BlueScope's history of developing this technology. Thermatech® solar reflectance technology which reduces solar absorptance across selected products and colours without affecting visual colour, has been helping provide building designers with a greater range of code-compliant and energy efficient colours for more than a decade. The COLORBOND® Coolmax® steel product range, featuring Whitehaven® – BlueScope's best performing cool roof product to date, delivering the lowest solar absorptance in the product range, especially important on large scale commercial roofs that generate their own unique microclimates in the air around them. BlueScope's development of these products designed for optimal performance behaviour in different buildings and environments,

and promotion of the benefits they bring to reducing building energy consumption, ideally positions COLORBOND® steel to meet these changes to building codes in Australia.



¹⁵ Leadership in Energy and Environmental Design (LEED) is an internationally recognised green building certification system.

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Outcome

05

**Strong
communities**

MATERIAL
TOPIC

Community engagement, support and economic contribution



OUR VIEW

We understand the responsibility of being a major community employer and partner. Across the globe, we employ local people, use a mix of national and local suppliers, and support economies more broadly through taxes and other government payments. We seek to create sustainable partnerships and opportunities for our people to be involved in their community.

Success looks like

Continuing to be a valued member of the communities that support our business and products, respecting local values and sharing success. Directly and indirectly supporting the economic development of our communities through the use and payment of local suppliers, local employees and through social investment. Complying with tax laws in all jurisdictions where we have a presence, paying the right amount of tax at the right time and transparently reporting our contribution.

Highlights

- » \$1.07 million donated in response to Australian bushfire devastation
- » Contributed Group tax payments of over \$657 million
- » Supported local communities around the world through our 'Strengthening our Communities' investment framework.

Future focus

- » Review and align our global approach to community risk and opportunity assessment and measurement
- » Coordinate localised community investment programs, working to common funding criteria
- » Continue to publicly provide information on our tax strategy and tax position.

Approach

Across BlueScope's global operations, our businesses and people are part of the social, economic and environmental fabric of the communities where we have a presence. In turn, the support of our communities is essential and underpins our licence to operate and grow. It gives us the confidence to continue investing, to sustain and build on our operations, and continue to deliver employment and other social and economic benefits to all in the future.

Community engagement

We are an integral part of our local communities and work to understand expectations, share information and resolve issues as they arise. We work to make a positive contribution to our communities, with management plans in place to ensure responsible operations, and we work collaboratively on issues and opportunities. Many of our major sites have established community consultation committees, providing a regular forum for open discussion between BlueScope, community representatives and other stakeholders about the environmental management and performance of our operations. The minutes of these meetings are made available on local BlueScope websites.

We support local communities by opening our health and safety training centres to community participants and raise awareness on issues such as traffic safety and mental health. Our ASEAN businesses aim to hold three community events each year that support employee participation. Our North American business has introduced a Corporate Social Responsibility Committee to promote and align local community giving activities.

Community investment

Wherever we operate we actively promote local participation and collaboration to improve and empower the lives of people working and living in our communities. We work to avoid or mitigate any negative effects our operations may have on our communities or the environment.

Our 'Strengthening our Communities' investment framework creates sustainable partnerships and opportunities for our people to be involved in their community. The framework underpins our decisions on which community activities we will support or invest in.

This year we continued to invest in a range of initiatives, as the examples below demonstrate.



Strengthening our Communities

Shelter



In Asia and North America, NS BlueScope has partnered with Habitat for Humanity to provide funds and enable employees to volunteer their time to support its work in providing safe housing for families and communities. This partnership has seen employees in Singapore work to thoroughly

clean and overhaul a housing commission flat, restoring it to a habitable state for the residents. In Vietnam, BlueScope donated funds and 60 employees helped build houses for two families in need in Tien Giang province.

STEAM¹⁶



As part of its CONNAction community programs, NS BlueScope Malaysia facilitates mentoring programs with industry professionals for students of Monash University's Malaysia campus. The most recent session, conducted online, comprised an interactive discussion of the challenges and opportunities for the construction industry during COVID-19.

Buildings North America supports STEAM in its communities by funding and supporting volunteer involvement in Expanding Your Horizons STEM programs for young women, robotics competitions

for youth in FIRST (For Inspiration and Recognition of Science Technology) programs, and arts technology and environmental life skills workshops for underserved populations.

In China, our Butler business works with local schools to train teachers and senior grade students on green building concepts and the manufacture and installation of steel structures. It also supports a computer-aided design (CAD) competition to help students build professional skills.

Education



BlueScope's Corporate office has formed a new partnership with the Australian Business and Community Network (ABCN), allowing employee volunteers to mentor students from disadvantaged schools. The program aims to give the students skills and work experience to support their educational

and vocational path. In North America, the BlueScope Foundation supports the Youth Symphony of Kansas City, providing scholarship funds for young people to participate in the program and work with high calibre musicians to help instruct and inspire the next generation.

¹⁶ Everything we do is based around making things using the 'STEAM' disciplines (Science, Technology, Engineering, Arts/Architecture, Maths). From raw steel to our products used in infrastructure or buildings, it is all grounded in physics, chemistry, engineering and inspired by the art of design.

“Thank you for your consistent support of Harvesters. We deeply appreciate that BlueScope not only funded our childhood hunger program, but was also gracious enough to send additional funding to support emergency assistance during the COVID crisis. Your support ensures that we are able to feed hungry people today and work to end hunger tomorrow.”

Rachel Boram

Foundation Relations Manager
Harvesters – the Community Food Network, Kansas City

Community buildings



In Thailand, BlueScope donated a Ranbuild designed building for a COVID-19 negative pressure-testing clinic to one of the largest public hospitals in Bangkok (pictured above). The modular screening and swab units are designed for quick assembly and easy transport.

In North America, BlueScope provided financial support to rebuilding communities affected by natural disasters.

Inclusion & Diversity



In Australia, the BlueScopeWIN Community Partners program supports the Commanders Active Citizen Project (CACP) in introducing young Indigenous student leaders to a range of organisations and community groups and help them think about their future career. The program also helps establish meaningful ties between youth and the police.

BlueScope Buildings North America (BBNA) has contributed more than \$140,000 over the past 10 years to the Harvesters Community Food Network in Kansas City, a childhood hunger feeding program which provides backpacks with food to sustain

hungry children through the weekend, when they do not have access to meals at school. BBNA employees volunteer to help assemble the backpack meals, and BlueScope also funds the backpack program at other feeding agencies across the U.S. In Singapore, our office employees volunteered at the Willing Hearts soup kitchen, packing and distributing meals for vulnerable people and migrant workers.

Many of our businesses supported emergency and community agencies during the COVID-19 crisis period. Read more in our case study: *Supporting our communities during COVID-19*.

Health, Safety & Environment



In Australia, BlueScope's Metalcorp business has been in partnership with the National Centre for Farmer Health since 2018, providing financial assistance to a national leadership program focusing on the mental health, safety and wellbeing of rural communities.

Our business in China has launched a “clean your plate and no food waste” program which encourages employees to eliminate food waste from the site canteen to help reduce consumption of energy and resources and help protect the environment. Employees also donate clothes and books for distribution to those in need.

Economic contribution

As we continue to invest and prosper through long term asset development, we share our success through payments to a broader employee base, sourcing locally, increasing taxes paid to government – both by BlueScope and our employees – and greater returns to investors.

Many of our operations are in regional areas, deepening our responsibility to support local jobs and supply where practical. For example, a 2017 study¹⁷ showed that BlueScope represents around 0.4 per cent of Australian Gross Domestic Product and household income, supporting 33,641 full time equivalent (FTE) direct and indirect jobs. The study showed that at a local level, our contribution is even more pronounced; in the Illawarra region of Australia we represent around 10 per cent of all jobs, 11 per

cent of Gross Regional Product and 24 per cent of the region's total value output (value added). During the same period in New Zealand, the total economic contribution of New Zealand Steel to the national economy was \$629 million in value added and 3,959 FTE jobs in 2016–17. New Zealand Steel accounts for approximately 0.24 per cent of New Zealand Gross Domestic Product.¹⁸

Our suppliers are predominantly local to our operations, and are part of the communities in which we operate. We value their critical role in maintaining our continuous operations and product quality, and are committed to enabling small suppliers through accelerated payment terms. We have worked closely with all suppliers to keep supply chains open during the COVID-19 crisis. Read more in the *Supply Chain Sustainability* section of this Report.



CASE STUDY

RESPONDING TO BUSHFIRE DEVASTATION IN AUSTRALIA

BlueScope and its people were deeply moved by the devastation and loss of life caused by bushfire across many regions and communities in Australia this year. While none of our operations were directly affected, many of our communities were.

In the midst of the bushfire emergency, BlueScope employees helped facilitate naval ships carrying evacuees from fire-ravaged areas to dock at the Company's Western Port berth in Victoria, Australia (pictured), and enable them to refuel and take on supplies.

BlueScope donated \$1.07 million in Company and employee donations to the Red Cross Disaster Relief and Recovery fund.

Each of our Australian businesses developed a bushfire response program to best assist their respective markets and regions. BlueScope's Australian Sales and Marketing team has offered a rebate of \$750 to bushfire affected homeowners who rebuild their home using a TRUECORE® steel frame and a COLORBOND® steel roof.

BlueScope businesses Lysaght and Fielders both operate community support funds and turned their focus to bushfire-affected communities. BlueScope's steel processing and distribution network supported bushfire-affected communities with a range of practical, grassroots initiatives. Our Flat Steel Products and Distribution businesses provided BlueScope product to help replace structures such as sheds and water tanks.



¹⁷ Source: IRIS Economic Impact Study 2017.

¹⁸ Source: Deloitte Access Economics – Economic contribution of New Zealand Steel September 2017.

Tax contribution

BlueScope's tax contribution is significant and we are subject to the tax regimes in each country in which we have a presence. Our Tax Governance Framework underpins our approach, and we strive to pay the right amount of tax at the right time and transparently report our payments. BlueScope is committed to complying with the law and the intent of the law and manages its tax affairs to protect its reputation.

Wherever we operate we conduct business responsibly and ethically, and work to prevent instances of bribery and corruption which take resources away from communities and governments. BlueScope will only undertake transactions that are aligned with Our Purpose and corporate strategy, have clear commercial objectives, and do not rely on returns driven by tax for their commercial effect. We will not operate artificial or contrived tax structures.

As a Group, BlueScope contributes tax payments of over \$657 million, comprising \$192 million in taxes borne and \$464 million in taxes collected and remitted. More than half of all taxes collected and remitted by BlueScope are in Australia.



BlueScope is committed to transparent tax reporting. Our FY2020 Tax Contribution Report is available on our website.



Governance

Activity supporting our Strengthening our Communities framework is reported annually to the Board. The HSE Committee of the Board oversees the Company's community engagement and risk management activities, and receives quarterly performance reports.

The Board sets the Group's tax risk appetite and has ultimate responsibility for ensuring there is an effective process to manage tax risk. The Audit Committee approves and monitors the Tax Governance Framework by which the Group operates. The Vice President Tax and CFO are responsible for monitoring the effectiveness of the Tax Governance Framework and must report any material tax issues to the Audit Committee and, in certain circumstances, to the Board.



CASE STUDY

SUPPORTING OUR COMMUNITIES DURING COVID-19

BlueScope businesses supported their local communities through the COVID-19 crisis.

BlueScope China donated 1 million RMB (\$200,000) to the Red Cross/Wuhan Union Hospital, and additional employee contributions took BlueScope's total donation to around \$315,000. The hospital treated more than 15,000 COVID-19 patients, including a large proportion of the Hubei region's most severe cases.

In Thailand, BlueScope donated a Ranbuild-designed, quick-assembly COVID-19 negative pressure-testing clinic to one of the largest public hospitals in Bangkok.

North Star donated 2,000 N95 masks for front line responders, and two iPads to several community rehabilitation, healthcare and retirement centres to help vulnerable people stay connected to family and friends.

Also in North America, the BlueScope Foundation donated \$65,000 for emergency hunger relief to 24 community partners to help them support those at most risk during the COVID-19 outbreak. Employees were encouraged to take advantage of the Foundation's matching gift program to double their donations to community partners.



APPENDIX

Data tables

MEASURE	UNITS	SASB METRIC & ALIGNMENT	FY2016	FY2017	FY2018
Sustainable and enduring business					
Raw steel production	000 tonnes	● EM-IS-000.A	5,065	5,868	5,971
External despatch volume	000 tonnes		6,963	7,615	7,591
Safe and inclusive workplaces					
Fatalities	No.	● EM-IS-320a.1	0	0	0
Total recordable injury (TRI)	No.	● EM-IS-320a.1	214	230	226
Lost time injury (LTI)	No.	● EM-IS-320a.1	24	33	26
TRIFR (TRI per million hours worked)	Rate	● EM-IS-320a.1	5.1	5.6	5.4
LTIFR (LTI per million hours worked)	Rate	● EM-IS-320a.1	0.57	0.8	0.62
Employee involvement in HSE improvement projects					
Employees	No.		15,269	14,597	14,323
Female representation					
» Board	%		25%	25%	33%
» Executive Leadership Team	%		11%	25%	38%
» Executives	%		14%	15%	20%
» Salaried	%		27%	27%	28%
» Operator / trade workforce	%		4%	6%	8%
» Total BlueScope	%		17%	17%	19%
Female recruitment					
» Total BlueScope	%		23%	37%	40%
» Operator/trade roles	%		7%	29%	33%

Legend ● Aligned ● Partially aligned

The following tables provide an overview of our key sustainability data over the last five years. This year we have identified our data sets that are aligned or partially aligned with the Sustainability Accounting Standards Board (SASB) Industry Standard for Iron and Steel Producers (version 2018-10). We aim to further align our disclosures to the SASB Standard in future reporting periods.

FY2019	FY2020	GOAL / TARGET	COMMENTS
5,855	5,691		Production volumes impacted by COVID-19 Government mandated shutdowns in China, New Zealand, India and Malaysia. Refer to page 16 for percentage breakdown of primary and secondary production volumes.
7,451	7,083		
0	1	0	Tragically, in May 2020, a contractor was fatally injured while working at the berth at the Port Kembla Steelworks. When a fatality occurs, whether an employee, contractor, or member of the public, we focus on learning to prevent reoccurrence, including where contractors are carrying out services. Since FY2016, there have been two incidents where contractors or sub-contractors were fatally injured providing a service to BlueScope but working under their own HSE management systems. In FY2019 an offsite sub-contractor was fatally injured from a fall from heights while working on an independently managed construction site for a contracting company engaged by BlueScope Lysaght Thailand. In FY2017, a logistics contractor carrying BlueScope product collided with another vehicle in Indonesia resulting in a fatal injury to the contractor.
207	237		TRI is equivalent to MTI, which includes fatalities, lost time injuries, medical treatment injuries and work restrictions of more than seven days. TRIFR is measured in the same way as MTIFR. Using TRIFR aligns us to evolving industry standards and, combined with the leading indicators, focuses leaders on reducing the severity of incidents and injuries. Refer to page 29 for more information on our H&S evolution.
43	40		
5.6	6.7	<5.0	
1.16	1.14	<1.0	Reported injury data includes Orrcon, Fielders and Pacific Steel businesses from 2016 and North Star from 2017.
64%	57%	>50%	
13,997	14,077		Employee numbers reported on a head count basis and exclude casual employees.
38%	50%	>30%	Targeting a gender balance of at least 30% women and at least 30% male on our Board.
40%	40%	>30%	Targeting a gender balance of at least 30% women and at least 30% male on our Executive Leadership Team.
27%	28%		
30%	30%		
11%	11%		
21%	21%		
43%	37%	>40%	Targeting recruitment of at least 40% women and at least 40% male appointments to overall executive and overall new roles.
40%	29%	>30%	Targeting recruitment of at least 30% women into new-hire appointments for operator/trade roles.

MEASURE	UNITS	SASB METRIC & ALIGNMENT	FY2016	FY2017	FY2018
Climate change action					
Net energy consumption	Petajoules (PJ)	● EM-IS-130a.1	105	109	111
Energy intensity for steelmaking facilities	Gigajoule (GJ) per tonne raw steel		19.0	17.2	17.1
Scope 1 GHG emissions	ktCO2-e	● EM-IS-110a.1 ● EM-IS-110a.2	8,270	8,670	8,780
Scope 2 GHG emissions	ktCO2-e		1,830	2,000	1,970
GHG emissions intensity for steelmaking facilities (scope 1 and 2)	tCO2-e per tonne raw steel		1.828	1.677	1.655
Scope 3 GHG emissions	ktCO2-e				
Fresh water consumption	Megalitre (ML)		20,600	22,400	15,700
Fresh water consumption – previously reported	ML		29,210	29,910	22,940
Recycled water consumption	ML		6,970	3,300	3,290
Total water consumption (recycled and fresh water)	ML	● EM-IS-140a.1	27,570	25,700	18,990
Total water consumption (recycled and fresh water) – previously reported	ML		36,180	33,210	26,230
Steel manufacturing fresh water consumption	ML		9,200	13,410	14,310
Steel manufacturing fresh water intensity	kL per tonne raw steel		1.81	2.29	2.40

Responsible products and supply chains

Sustainable Supply Chain assessments					
» Completed – Priority 1 suppliers	No.	● EM-IS-430a.1			
» Completed – Priority 2 suppliers	No.	● EM-IS-430a.1			
» Assessments underway at end of financial year	No.	● EM-IS-430a.1			
» Onsite assessments – Suppliers		● EM-IS-430a.1			
» Onsite assessments – BlueScope own sites					
Materials efficiency (% total outputs converted to products and co-products)	%	● EM-IS-150a.1	97.0%	96.5%	97.0%
Aggregated recovered and recycled scrap steel use across BlueScope steelmaking operations	%	● EM-IS-150a.1	41%	44%	45%
Oxides of nitrogen	tonnes	● EM-IS-120a.1	8,610	8,460	8,710
Sulphur dioxide	tonnes	● EM-IS-120a.1	8,110	7,240	7,460
Fine particulates	tonnes	● EM-IS-120a.1	1,740	1,810	1,730

Strong communities

Total tax contribution	\$million		632	606	
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Legend ● Aligned ● Partially aligned

FY2019	FY2020	GOAL / TARGET	COMMENTS
109	109		
171	17.5		
8,590	8,530		Our operations subject to GHG emissions-limiting regulations generally addressed in the Climate Change and Energy section. Refer to pages 40-46 for disclosures relating to EM-IS-110a.2
1,810	1,750		
1.635	1.666	1.62 (FY20)	While BlueScope continues to pursue emission reduction projects in line with our 2030 climate change target this year, our aggregated performance was impacted by government mandated shutdowns to our Glenbrook operations which contributed to a 1.2 per cent increase in GHG emissions intensity on FY2019.
13,300			Results are provided for FY2019, recognising that we are early in our Scope 3 reporting journey. With input from our procurement and sustainability teams, and the results of a supplier segmentation exercise, a third-party provider supported the quantification of our scope 3 emissions inventory for FY2019. Where supplier specific emissions factors were not available, global or regional averages have been used. Emissions associated with the processing of sold co-products (e.g. vanadium slag) have not been included.
12,000	10,700		During FY2020 the water used for our Waikato North Head facility (New Zealand) was reclassified as saltwater, consistent with local environmental regulations. This water is extracted 14km from where the Waikato River meets the Tasman Sea. The brackish water is predominately used to transport ironsand to the separation facility, and then to return tailings, largely consistent of silicate mineral rich sand back to the mine. Wastewater is treated on-site and either recycled or returned to the River, often by permeating through the sand within our iron sand mine. Historical data has been restated to reflect the updated definition.
18,310			
5,840	6,630		
17,840	17,330		
24,150			
10,730	9,600		
1.83	1.69		The unit of measure for fresh water intensity of steelmaking facilities was incorrectly reported as t/ML on page 3 of the FY2019 Sustainability Report. The reported intensity data was correct and has not been restated.
21	25	25 (FY21)	Assessments completed are presented as the aggregated totals since the implementation of our supply chain sustainability program. The number of suppliers in these categories will change as were fresh the supplier segmentation data in FY2021. In FY2020 we also engaged a independent third party to undertake a pilot program of site assessments at two of our operational sites to experience the assessment process and to obtain an external perspective on our compliance with social compliance standards. See the <i>Supply Chain Sustainability</i> on page 51 and our FY2020 Modern Slavery Statement.
	78	195 (FY21)	
29	74		
2	3		
	2		
97.3%	98.0%		Improvement in materials efficiency supported by the environmental improvement project at our Glenbrook Steelworks which will divert approximately 30,000 tonnes of KOBM slag from landfill each year. Further details in the case study on page 44.
47%	46%		BlueScope's definition of scrap steel feed was updated in FY2020 to 'recovered and recycled' to align with ISO standard 14021 (previously reported as pre-and post-consumer recycled scrap steel feed).
8,660	8,350		Air emissions are calculated using available stack sampling data and are based on regulator approved methodologies in the regions in which BlueScope operates.
7,840	7,600		
1,640	1,520		
779	657		BlueScope became a signatory to the Australian Board of Taxation's Voluntary Tax Transparency Code in FY2017 and did not track total tax contribution prior to that time.

Supplementary information

About this Report

This is our fifth annual Sustainability Report. The Report outlines the sustainability performance of the consolidated entity ('BlueScope' or 'the Group'), consisting of BlueScope Steel Limited ('the Company') and its controlled entities for the year ended 30 June 2020. Our last report was released in September 2019 and is available on our website.

All data is reported on an equity basis unless otherwise stated. All financial information is reported in Australian Dollars unless otherwise stated.

BlueScope endeavours to ensure the data in this report is as accurate and up to date as possible to enable stakeholders to understand our performance and compare it to prior periods. Where appropriate, historical data has been restated to present data on a consistent and comparable basis and an explanation is provided. We have not sought external assurance over disclosures in this Report.

Our FY2020 Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards at a Core level. This year we have also identified our reporting metrics that are consistent with the Sustainability Accounting Standards Board (SASB) Industry Standard for Iron and Steel Producers.

Material topics and their boundaries

We undertake a regular materiality assessment to identify sustainability topics that inform our strategic approach and sustainability initiatives. This year we undertook a comprehensive review of our materiality

process to understand the sustainability topics that matter most to our stakeholders, validate our findings and align our approach to Our Purpose. The table below details the boundaries for our most material and important topics identified through our FY2020 materiality assessment.

Sustainability outcome	Sustainability topic	Boundary
Sustainable and enduring business	● Governance	» Customers, corporate, operations, employees, suppliers
	● Business strength and resilience	» Customers, corporate, operations, employees, suppliers
	● Transformation	» Customers, corporate, operations, suppliers
Safe and inclusive workplaces	● Safety, health and wellbeing	» Employees, contractors
	● Organisational capability & inclusion	» Employees
Responsible products and supply chains	● Supply chain sustainability	» Suppliers, corporate, operations
	● Environmental management	» Operations
	● Sustainable products	» Customers, operations, suppliers
Climate change action	● Climate change and energy	» Suppliers, operations, customers
	● Water stewardship	» Operations, communities
Strong communities	● Community engagement and support	» Communities, employees
	● Economic contribution	» Corporate, operations

TOPIC CATEGORIES

Material ●

Identified as most material by internal and external stakeholders, significantly impacts the environment, society or economy, reflects our business priorities and critical aspects of our sustainability performance. We have reported our performance for these topics against an applicable GRI Standard.

Important and emerging ●

Identified frequently by either internal or external stakeholders or have a localised impact on the environment, society or economy. We have disclosed our management approach and selected performance data for these topics.

Other

Identified infrequently by either internal or external stakeholders or have a potential/declining impact on the environment, society or economy. We have not specifically addressed these topics in this Report.

Stakeholder engagement

BlueScope works hard to develop and maintain relationships with the principal stakeholders identified in Our Bond: our customers, our shareholders, our people and our communities. In addition, government and regulatory bodies, suppliers, and joint venture partners have an interest in the performance of our business.

Our websites provide stakeholders with a wealth of information relating to all aspects of our business. The primary interests of each stakeholder group were identified through our materiality process and discussions with the BlueScope personnel who engage regularly with them. In the table below, we have identified stakeholder interests and the methods through which we engage with them.

Stakeholder	Interests	Principal engagement methods
Customers & influencers (builders, architects, design engineers etc)	<ul style="list-style-type: none"> » Reliability of supply » Design and aesthetics » Product cost and quality » Product performance and sustainability credentials » Development of innovative solutions » Availability of local BlueScope representatives » Business conduct » Engagement by BlueScope to understand customer needs » BlueScope's corporate and business unit approach to sustainability 	<ul style="list-style-type: none"> » Sales and contract negotiations » Digital visualisation tools and collaboration with architects and design engineers » Visits to customer sites, Voice of Customer surveys, customer quality complaint process » Presence at industry events including conferences and forums » Direct engagement to understand long term needs and emerging challenges » Direct access to sales, marketing, customer services and technical services personnel » Design Thinking market immersion processes
Shareholders	<ul style="list-style-type: none"> » Delivery of top quartile investment returns » Corporate governance » Business conduct » Risk management and controls » Climate transition risk mitigation » Safety performance and controls » Supply chain risk controls 	<ul style="list-style-type: none"> » Release of half-year and year-end financial reports and presentations » ASX releases where required » Domestic and offshore management roadshows » Annual General Meeting » Sustainability Report » Chair and Remuneration and Organisation Committee (ROC) Chair roadshows » Sustainability roadshow
BlueScope people	<ul style="list-style-type: none"> » Safe and healthy workplaces that support wellbeing » Meaningful employment » Inclusive, positive and engaging culture » Training and development opportunities » Visibility of leadership teams » Sustainability of financial performance 	<ul style="list-style-type: none"> » Regular contact with direct manager or supervisor » Employee engagement survey » Broad range of communication channels » Training sessions » Employee forums » Site visits from leadership teams
Communities	<ul style="list-style-type: none"> » Environmental and social impact of operations » Employment opportunities » Economic contribution » Impact on local cultural heritage 	<ul style="list-style-type: none"> » Community liaison groups and forums » Support and participate in community events » Volunteer and in-kind support for community groups
Government and regulatory bodies	<ul style="list-style-type: none"> » Governance, transparency and business conduct » Compliance with environmental, safety, social, commercial and consumer legislation and regulation » Impact of changes to legislation and regulation » Economic contribution, including taxes paid, employment levels and conditions, and trade (exports and imports) » Support for local communities » Research & development, including product and process innovation 	<ul style="list-style-type: none"> » Liaison with local and national governments, policymakers and regulators in jurisdictions in which we operate » Direct policy submissions and other written communications to government » Membership of and participation in industry associations, initiatives and co-operative research centres
Suppliers	<ul style="list-style-type: none"> » Transparency during the procurement process » Business conduct » Financial performance » Product or service specifications and expectations » Supplier Code of Conduct 	<ul style="list-style-type: none"> » Meetings and discussion during procurement process » Ongoing supplier and contract governance reviews » Supplier Code of Conduct » Supplier engagement forums » Supplier innovation / product development processes » Ongoing questionnaires and disclosure » Supplier assessment processes
Joint venture partners	<ul style="list-style-type: none"> » Governance of non-controlled operations » Product cost, quality and performance 	<ul style="list-style-type: none"> » Meetings with joint venture partners » Site visits to joint venture businesses

Metric definitions and glossary

Metric	Definition
Raw (or crude) steel (t)	Steel in its first solid (or usable) form measured at each caster at our steel production facilities and reported in tonnes/metric tons (t).
Despatch tonnes (t)	Invoiced despatches of steel and steel products, including intercompany transfers, reported in tonnes/metric tons (t).
Metric tons or tonnes (t)	Unit of measurement equivalent to 1,000 kilograms, or 1.1023 short tons (US tons).
Greenhouse gas emissions (tCO₂-e)	Total greenhouse gas emissions (GHG) arising from our operations, on an equity control basis in line with the GHG Protocol and reported in tonnes of carbon dioxide equivalent (tCO ₂ -e). The gases included are the six classes of gases listed in the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC): carbon dioxide (CO ₂); methane (CH ₄); nitrous oxide (N ₂ O); Hydrofluorocarbons (HFCs); Perfluorocarbons (PFCs); and Sulphur Hexafluoride (SF ₆).
Scope 1 greenhouse gas emissions	Direct greenhouse gas emissions that occur from sources that are owned or controlled by the Company reported in tonnes of carbon dioxide equivalent (tCO ₂ -e).
Scope 2 greenhouse gas emissions	Indirect greenhouse gas emissions from the generation of purchased electricity or steam consumed by sources that are owned or controlled by the Company and reported in tonnes of carbon dioxide equivalent (tCO ₂ -e).
Scope 3 greenhouse gas emissions	Indirect greenhouse gas emissions that are a consequence of the activities of the Company but occur from sources not owned or controlled by the Company and reported in tonnes of carbon dioxide equivalent (tCO ₂ -e).
Greenhouse gas intensity (tCO₂-e/t)	Scope 1 and Scope 2 greenhouse gas emissions per tonne of raw steel at our steelmaking facilities, reported in tonnes of carbon dioxide equivalent (tCO ₂ -e) per tonne (t) of raw steel (tCO ₂ -e/t).
Energy consumed (GJ)	Energy associated with the combustion of fuels, the use of electricity and other energy sources such as additives, fluxes, compressed air and steam. Where applicable, the energy consumed at site excludes exported energy sources (for example, export coke from coke making facilities).
Energy intensity (GJ/t)	Energy consumed per tonne of raw steel at our steelmaking facilities, reported in gigajoules per tonne of raw steel produced (GJ/t).
Fresh water withdrawn and used (kL)	This represents water demand on available fresh water resources and includes all water sources that are readily available to others in the community and reported in kilolitres (kL). Fresh water resources include municipal water supplies (i.e. domestic water supply), river water, dam water (filtered and unfiltered) and bore water.
Reused/ Recycled water (kL)	Water supplies collected and, where required, treated to facilitate reuse. This includes water withdrawn from external recycled water pipelines, water treated onsite, and storm/rain water harvested/ collected on site and used and reported in kilolitres (kL).
Fresh water intensity (kL/t)	Fresh water withdrawn and used per tonne of raw steel at our steelmaking facilities, reported in kilolitres per tonne of raw steel produced (kL/t). Excludes recycled water.

Metric	Definition
Material Efficiency (%)	An indicator developed by worldsteel to illustrate the relative efficiency of steel production facilities. Calculated as dividing the tonnes of raw steel and co-products produced by the tonnes of raw steel, co-products and waste produced. Where 'co-products produced' is the total volume of slag produced and 'waste produced' is equivalent to waste landfilled or incinerated from our steelmaking sites.
Waste produced (t)	The disposal of wastes to a recognised, controlled landfill facility, or the disposal of wastes through incineration where the waste has not been explicitly sold or used as a fuel for another process. Material that has not yet been disposed in a landfill facility or incinerated is not classified as waste until either of these criteria have been met.
Waste reused/recycled (t)	<p>Waste materials that cannot be reprocessed through our own on-site operations, but can be reused or recycled through an external process. The two sub-classifications are:</p> <ul style="list-style-type: none"> (i) Recycled domestic/packaging waste: recycling of paper and cardboard, and other all packaging materials inclusive of steel, aluminium and the various coded plastic containers, i.e. the equivalent to domestic solid waste separated for the purposes of recycling. (ii) Recycled process waste: non-packaging materials that are reused or recycled externally through alternative processes, and includes materials such as concrete, refractories, lamps, metals, sludges, scale, oils and spent pickle liquor, and where not able to be used onsite, scrap steel.
Scrap steel (t)	Recovered and recycled scrap steel used the steelmaking process. Includes raw steel production feedstock from home/ internally generated scrap, pre-consumer scrap/industrial scrap and post-consumer/end of life scrap.
Co-products (or by-products)	Materials that are produced in parallel to, or as a consequence of, the production of a primary product and which also have a potential value and reported in tonnes (t). The main solid co-products produced during iron and crude steel production are slags (90% by mass), dusts and sludges. Alongside solid co-products, process gases from coke ovens, blast furnaces and basic oxygen steelmaking furnaces are also important steelmaking co-products. Internally generated scrap steel (pre-consumer scrap) is not included as a co-product.
HSE improvement engagement (%)	Percentage of employees involved in HSE engagement activities per year (e.g. attending a safety meeting, focussed audit, tiered audit, risk reviews, etc.). Calculated by dividing the total number of employees involved in HSE engagement activities by total number of employees, reported as a percentage.
Environmental regulatory non-compliance	Breach of an environmental legal requirement. A non-compliance may be identified through internal or external processes.
Air emissions (t/annum)	Air emissions refer to oxides of nitrogen (NOx), sulphur oxides (SOx), and fine particulate matter (PM10), each separately reported in tonnes per annum (t/annum).
Oxides of Nitrogen (NOx)	Oxides of Nitrogen (NOx) released into the atmosphere that occur from sources that are owned or controlled by the Company, reported per annum in tonnes of NO ₂ . Total NOx is the sum of the total Nitric Oxide (NO) and Nitrogen Dioxide (NO ₂) emissions, expressed as NO ₂ .
Sulphur Oxides (SOx)	Sulphur Oxides (SOx) released into the atmosphere that occur from sources that are owned or controlled by the Company, reported per annum in tonnes of SO ₂ . Total SOx is the sum of the total Sulphur Dioxide (SO ₂) and Sulphur Trioxide (SO ₃) emissions. Expressed as SO ₂ .
Fine Particulate Matter	Fine Particulate Matter below 10 micrometres in diameter (PM10) released into the atmosphere that occur from sources that are owned or controlled by the Company, reported per annum in tonnes of PM10. Fine particulate matter is defined as particulate matter emissions below 10 micrometres in diameter (PM10).

Metric	Definition
Lost Time Injury (LTI)	A work-related fatality, injury or occupational disease or illness that results in the loss of one or more complete shifts any time after the day or shift on which the injury or illness occurred. A Medical Practitioner (if available) must certify the injured person as unable to perform any duties for an injury to be classified as a lost time injury.
Lost Time Injury Frequency Rate (LTIFR)	Number of Lost Time Injuries per million hours worked (employee and contractor).
Total Recordable Injury (TRI)	<p>A work-related injury or occupational disease or illness requiring treatment by a Medical Practitioner (Doctor, GP, Medical Specialist, etc), with the treatment classified as of an invasive nature (e.g. beyond the scope of first aid) and/or includes work restrictions of more than seven days.</p> <p>Total medical treatment injuries are inclusive of fatalities and lost time injuries. For BlueScope, TRI is equivalent to Medical Treatment Injury (MTI).</p>
Total Recordable Injury Frequency Rate (TRIFR)	<p>Number of Medical Treatment Injuries (Total Recordable Injuries) per million hours worked (employee and contractor).</p> <p>For BlueScope, TRIFR is equivalent to Medical Treatment Injury Frequency Rate (MTIFR). Using TRIFR terminology aligns us to evolving industry standards.</p>
Medical treatment injury (MTI)	A work-related injury or occupational disease or illness requiring treatment by a Medical Practitioner (Doctor, GP, Medical Specialist, etc), with the treatment classified as of an invasive nature (e.g. beyond the scope of first aider). Total medical treatment injuries are inclusive of fatalities and lost time injuries.
Medical Treatment Injury Frequency Rate (MTIFR)	Number of Medical Treatment Injuries per million hours worked (Employee and contractor).
Near miss incident	An incident or unsafe condition that has the potential to injure or harm people.
Contractor	An individual, company or other legal entity who carries out work or performs services pursuant to a Contract for Service. Contractor statistics and performance data are included within BlueScope's reported statistics when the contractor is performing work undertaken under BlueScope's Health and Safety Management System/s. Where a contractor is performing work under their own Health and Safety Management System, the statistics and performance data will not be included in BlueScope's reported statistics.
Employee	<p>A person in full time, part-time or fixed term employment at a BlueScope business, reported on a head count basis. Where:</p> <p>Full-time employment is defined as an employee who works a regular or standard number of hours of at least 38 hours per week.</p> <p>Part-time employment is defined as an employee who works less than full-time hours per week. Usually works regular hours per week.</p> <p>Fixed term employment is defined as an employee who is employed for fixed length of time greater than 3 months duration, on a contract with an end date.</p> <p>Casuals are defined as employees who are not working regular hours each week/month. Casuals are not included in reported employee numbers but are included within safety statistics and performance data. Casuals do not include persons working as third-party contractors (refer to 'contractors').</p>
Operator and trade employees	Employees working in production operator and trade roles such as labourer, boilermaker, machinery worker, machinist, welder, sheet metal worker technicians, line leaders and drivers. They are sometimes referred to as 'shopfloor employees'. These are manual labourers who do not have a professional qualification. Engineers with a formal qualification are not included in the operator and trade employee statistics.
Hours worked	Hours worked refers to the total number of actual hours where employees and contractors are present as a condition of their employment and are carrying out activities related to their employment duties.

APPENDIX

GRI Index

Universal standards

Disclosure	Description	Location
Organisational profile		
102-1	Name of the organisation	Back cover of this report
102-2	Activities, brands, products, and services	Page 03, 24
102-3	Location of headquarters	Back cover of this report
102-4	Location of operations	Page 03
102-5	Ownership and legal form	FY2020 Directors report
102-6	Markets served	Page 03, 24 Detailed information regarding our principal markets can be found in our FY2020 Directors' report
102-7	Scale of the organisation	Page 03, 24
102-8	Information on employees and other workers	Page 03, 34, 74
102-9	Supply chain	Page 51-56
102-10	Significant changes to the organization and its supply chain	Page 24
102-11	Precautionary principle or approach.	BlueScope does not make a specific statement on the precautionary principle, however our approach to sustainability (page 04-13) and our commitments to addressing climate change, water and broader environmental impacts are applicable.
102-12	External initiatives	Page 45
102-13	Membership of associations	Page 13
Strategy		
102-14	Statement from senior decision-maker	Page 02
Ethics and integrity		
102-16	Values, principles, standards, and norms of behaviour	Our Bond (Inside front cover); Page 10-13; 34-39
Governance		
102-18	Governance structure	Page 10-13; FY2020 Directors' Report

Stakeholder engagement

102-40	List of stakeholder groups	Page 79
102-41	Collective bargaining agreements	We seek to maintain sustainable employee arrangements and respect the right of our employees to choose whether they negotiate the terms of their employment individually or collectively. Approximately 30 per cent of our employees are covered by collective arrangements. The Company collectively bargains with employee representatives in full compliance with the requirements of the jurisdictions in which it operates. We enter all negotiations in good faith and endeavour to maintain a constructive dialogue with negotiating parties.
102-42	Identifying and selecting stakeholders	Page 79
102-43	Approach to stakeholder engagement	Page 79
102-44	Key topics and concerns raised	Page 79

Reporting practice

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102-47	List of material topics	Page 04-13; 78
102-48	Restatements of information	Page 78
102-49	Changes in reporting	Page 78
102-50	Reporting period	Page 78
102-51	Date of most recent report	Page 78
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102-53	Contact point for questions regarding the report	Back cover of this report
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Topic specific standards

Disclosure	Description	Location
Health, safety and wellbeing		
103-1	Explanation of the material topic and its boundary	Page 06, 78
103-2	The management approach and its components	Page 29-33
103-3	Evaluation of the management approach	Page 29-33
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 29, 33, 74-75

Community

103-1	Explanation of the material topic and its boundary	Page 06, 78
103-2	The management approach and its components	Page 57, 69
103-3	Evaluation of the management approach	Page 57, 69
413-1	Operations with local community engagement, impact assessments and development programs	Page 57, 69 FY2020 Directors' Report

Inclusion and diversity

103-1	Explanation of the material topic and its boundary	Page 06, 78
103-2	The management approach and its components	Page 34-39
103-3	Evaluation of the management approach	Page 34-39
405-1	Diversity of governance bodies and employees	Page 36-37, 74-75 FY2020 Directors' Report

Climate change and energy

103-1	Explanation of the material topic and its boundary	Page 06, 78
103-2	The management approach and its components	Page 14-21, 40-46
103-3	Evaluation of the management approach	Page 14-21, 40-46
305-4	GHG emissions intensity	Page 46, 76-77

Supply chain sustainability

103-1	Explanation of the material topic and its boundary	Page 06, 78
103-2	The management approach and its components	Page 50-56
103-3	Evaluation of the management approach	Page 50-56
414-1	New suppliers that were screened using social criteria	Page 52-54, 76-77

Business conduct

103-1	Explanation of the material topic and its boundary	Page 06, 78
103-2	The management approach and its components	Page 10-13
103-3	Evaluation of the management approach	Page 10-13
205-3	Confirmed incidents of corruption and actions taken	Page 13

Biodiversity

304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<p>A number of our sites are situated in close proximity to areas of cultural or ecological significance. Various controls and management processes are in place to ensure the preservation and enhancement of these protected areas.</p> <table> <tr> <th>Country</th><th>Site</th><th>Area</th></tr> <tr> <td>Australia</td><td>Port Kembla Steelworks Western Port</td><td>Tom Thumb lagoon Green and gold bell frog ponds Western Port Ramsar wetlands UNESCO biosphere reserve</td></tr> <tr> <td>New Zealand</td><td>Waikato North Head ironsand mine Glenbrook Steelworks</td><td>Maori burial sites Waikato River and wetlands Waiuku River Waikato River Archaeological sites Remnant indigenous forest</td></tr> <tr> <td>USA</td><td>Steelscape Kalama</td><td>Columbia River</td></tr> </table>	Country	Site	Area	Australia	Port Kembla Steelworks Western Port	Tom Thumb lagoon Green and gold bell frog ponds Western Port Ramsar wetlands UNESCO biosphere reserve	New Zealand	Waikato North Head ironsand mine Glenbrook Steelworks	Maori burial sites Waikato River and wetlands Waiuku River Waikato River Archaeological sites Remnant indigenous forest	USA	Steelscape Kalama	Columbia River
Country	Site	Area												
Australia	Port Kembla Steelworks Western Port	Tom Thumb lagoon Green and gold bell frog ponds Western Port Ramsar wetlands UNESCO biosphere reserve												
New Zealand	Waikato North Head ironsand mine Glenbrook Steelworks	Maori burial sites Waikato River and wetlands Waiuku River Waikato River Archaeological sites Remnant indigenous forest												
USA	Steelscape Kalama	Columbia River												

Environmental compliance

307-1	Non-compliance with environmental laws and regulations	In the 12 months to 30 June 2020, the Company notified relevant authorities of 19 incidents resulting in environmental non-compliance. Further details are provided in BlueScope's FY2020 Directors Report, available on our website.
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