The Manager – Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

21 August 2023

Re: Compliance with Listing Rule 4.3A for the twelve months ended 30 June 2023

Dear Sir,

Attached in accordance with Listing Rule 4.3A are the following documents relating to BlueScope Steel Limited's results for the twelve months ended 30 June 2023:

- Appendix 4E Results for Announcement to the Market.
- BlueScope's FY2023 Annual Report including its Directors' Report and audited Financial Statements containing all other Appendix 4E requirements.

Yours sincerely,

Penny Grau

Penny Grau
Company Secretary
BlueScope Steel Limited

Authorised for release by: the Board of BlueScope Steel Limited

For further information about BlueScope: www.bluescope.com

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Results for Announcement to the Market

21 August 2023: The Company today reported its financial results for the twelve months ended 30 June 2023. Comparisons are provided to the twelve months to 30 June 2022, unless otherwise stated.

$M unless marked	FY2023	FY2022	Variance	Variance %
Sales revenue from continuing operations	**18,174.2**	18,990.9	(816.7)	(4%)
Reported NPAT	**1,009.2**	2,810.1	(1,800.9)	(64%)
Underlying NPAT[1]	**1,098.8**	2,701.1	(1,602.3)	(59%)
Interim ordinary dividend (cents)[2]	**25.0**	25.0	-	-
Final ordinary dividend (cents)[3]	**25.0**	25.0	-	-
Reported earnings per share (cps)	**217.4**	571.5	(354.1)	(62%)
Underlying earnings per share (cps)	**236.7**	549.4	(312.6)	(57%)
Net tangible assets per share ($)[4]	**17.76**	15.90	1.86	12%

1. Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. Underlying adjustments include discontinued operations, acquisitions and disposals of businesses, asset impairments/write-backs, restructuring costs and other unusual transactions. Tables 12, 13 and 14 provide reconciliations of underlying earnings to reported earnings.
2. The FY2023 interim dividend was fully franked.
3. The FY2023 final dividend is fully franked, with a record date of 13 September 2023. BlueScope's dividend reinvestment plan will not be active for the final dividend.
4. Net tangible assets include all right of use leased assets.

FY2023 Financial Detail

$M unless marked	FY2023	FY2022	Variance	Variance %
EBITDA - underlying[1]	**2,266.0**	4,336.7	(2,070.7)	(48%)
EBIT - reported[1]	**1,487.3**	3,848.9	(2,361.6)	(61%)
EBIT - underlying[1]	**1,607.7**	3,787.2	(2,179.5)	(58%)
Return (Underlying EBIT) on invested capital (%)	**14.6%**	41.6%	-27.0%	
Net Cash / (Debt)	**703.3**	367.1	336.2	92%
Gearing	**N/A - net cash**	N/A - net cash	-	-
Leverage (net debt / LTM underlying EBITDA)	**N/A - net cash**	N/A - net cash	-	-

1. Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. Underlying adjustments include discontinued operations, acquisitions and disposals of businesses, asset impairments/write-backs, restructuring costs and other unusual transactions. Tables 12, 13 and 14 provide reconciliations of underlying earnings to reported earnings.

Financial Commentary

- **Sales revenue of $18,174.2M was 4% lower than FY2022**, on lower global steel prices.
- **Underlying EBIT of $1,607.7M was 58% lower than FY2022**, due to softer steel spreads and higher costs.
- **Underlying NPAT decreased 59% to $1,098.8M**, mainly due to lower underlying EBIT.
- **Reported NPAT decreased 64% to $1,009.2M**, mainly due to lower underlying EBIT.
- **Funding and shareholder returns:**
  - Retained investment grade credit ratings from S&P Global Ratings and Moody's.
  - $703.3M net cash position at 30 June 2023.
  - Financial liquidity of $3,317M at 30 June 2023, including $678M in NS BlueScope Coated Products joint venture.
  - $518M returned to shareholders during FY2023, through $233M in dividends and $285M in buy-backs.
  - 25.0 cents per share fully franked final dividend announced for FY2023.
  - The Board has approved an increase of the buy-back program, to allow up to $400M to be bought over the next 12 months. The timing and value of stock purchased will be dependent on the prevailing market conditions, share price and other factors.
- **Group outlook:**
  - Underlying EBIT in 1H FY2024 is expected to be in the range of $700M to $770M[1]. Expectations are subject to spread, foreign exchange and market conditions.

Other information required by Listing Rule 4.3A

This report is based on the consolidated financial statements for year ended 30 June 2023, which have been audited by Ernst & Young. Additional information supporting the Appendix 4E disclosure requirements can be found in the Annual Report which contains the Directors' Report and the 30 June 2023 Financial Statements and accompanying notes.

1. Refer to 1H FY2024 Outlook section on page 28 of this document for outlook assumptions.

Annual Report FY2023

BlueScope

Our Purpose

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 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 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 Local 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.

Contents

Cover image: Greater Shepparton Secondary College in Victoria, Australia featuring COLORBOND® steel in Surfmist®

BlueScope Steel Limited ABN 16 000 011 058

Message from the Chair

BlueScope delivered a robust result in FY2023, demonstrating the resilience of its diversified business model.

With an underlying EBIT of $1.61 billion in FY2023, the ongoing strength in performance of your Company continues to allow it to simultaneously invest for a low carbon future, long term sustainable growth, and to deliver shareholder returns. The entire 16,500-strong BlueScope team has been critical to delivering this result, as they continue to find innovative solutions that maintain our safe and reliable operations, better service our customers, and support our local communities.

Key highlights for BlueScope in FY2023 include further execution of our US growth strategy, with the ramp up of the North Star mill and integration of both BlueScope Recycling and Materials and BlueScope Coated Products progressing well. Underpinning future growth, in Australia work has commenced on a new $415 million metal coating line in Western Sydney to underpin future demand for our value-added suite of products, such as our iconic COLORBOND® steel range - which saw record sales volumes in FY2023.

Another highlight this year was the announcement of an accelerated feasibility study to build a new electric arc furnace at New Zealand Steel's Glenbrook plant. With a target of being operational by 2026, this NZ$300 million project will be co-funded by the New Zealand Government and will reduce New Zealand Steel's Scope 1 and 2 greenhouse gas emissions by at least 45 per cent.

In addition, BlueScope delivered $518 million in shareholder returns in FY2023, and retained a strong balance sheet, finishing the year with $703 million in net cash. With strong cash flow and a robust balance sheet, BlueScope is very well positioned to continue to grow and deliver value.

Safety

As always, safety comes first at BlueScope.

After evolving our overall approach to health and safety in recent years, BlueScope has now embraced a people-centred approach and embedded a culture of learning from our people. Across the business, BlueScope is implementing innovative and practical risk control improvements to enhance resilience, while empowering all people to identify opportunities for improvement, and be part of the solution.

In FY2023, we continued the strong performance across our lead indicators, including team-based risk control improvement projects and business-led learning programs which seek to build capacity in how we understand and manage material risks, to reduce the likelihood of life-changing and significant events. The lag indicator of TRIFR was 7.5 for FY2023, above the long term range of 5-7, with the inclusion of recent scrap recycling asset acquisitions.

FY2023 Highlights

Reported NPAT $1.01Bn	**Underlying EBIT** $1.61Bn
Underlying NPAT $1.10Bn	**Underlying EBIT ROIC** 14.6%

FY2023 Shareholder Returns

Dividends paid
50 cps

Share buy-backs
$285M

Rewarding shareholders

A core part of BlueScope's Financial Framework is balancing the competition between capital for growth initiatives and returns to shareholders. The Company returned $518 million to shareholders in FY2023, comprised of $233 million in dividends and $285 million in on-market buy-backs[1].

The Board has approved a final dividend of 25.0 cents per share. Having resumed Australian tax payments and recommencing franking of the interim dividend in FY2023, the final dividend will also be fully franked. Additionally, the Board has approved an increase in the scale and tenor of the share buy-back program to allow up to $400 million to be bought over the next 12 months.

Port Kembla Blast Furnace Reline & Upgrade

The Board has approved the $1.15 billion comprehensive reline and upgrade of the No.6 Blast Furnace (6BF) at the Port Kembla Steelworks. Implementing the reline and upgrade project allows us the necessary time to develop, test and pilot alternative viable lower emissions ironmaking pathways. It also recognises the practical reality of the time frames required for the establishment of the critical enablers to lower emissions steelmaking; enablers that underpin BlueScope's 2050 net zero goal[2].

The reline does not lock us in to a full 20-year blast furnace campaign. In contrast, it secures our immediate future while enabling a transition to lower emissions steelmaking as soon as it is commercially feasible. In this sense the reline project is our bridge to the future and critical to maintaining the sovereign capability of flat steelmaking in Australia. The relined 6BF is expected to be commissioned in mid to late 2026.

As we progress the reline project, we are also building a pathway to our longer term vision of low emissions iron and steelmaking in Australia, by exploring options for the longer term, large-scale decarbonisation of our operations.

Delivering our Strategy

FY2023 marks four years of BlueScope's 'Transform, Grow, Deliver' strategy, under which the Company has made significant progress in pursuit of Our Purpose.

The Company has sought to **Transform** the business, particularly as it relates to addressing climate change. While there is still much to be done, highlights over the last four years include the formation of the Corporate Climate Change function and the establishment of our climate strategy, including defining 2030 targets and a 2050 net zero goal[2]. To date, BlueScope is progressing in line with its medium term targets, and with projects such as the accelerated feasibility study into an electric arc furnace at New Zealand Steel, the Company is well placed for its transition to a low carbon world.

Significant strides have been made under the **Grow** pillar of the strategy, most notably in the US, where we are building a platform for quality earnings growth. BlueScope's US presence has grown materially since FY2019, with an additional $2.5 billion invested in two strategic acquisitions and the expansion of our North Star mini-mill. The ramp up of the expansion is advancing well, and the team is also considering future debottlenecking opportunities. BlueScope Recycling and Materials has continued to gain momentum including via the acquisition of a third site. As the second largest metal coil painter in the US, BlueScope Coated Products provides a great opportunity for BlueScope to take its key painting capabilities into the large US market. In Australia, work has commenced on a new metal coating line in Western Sydney, to support growing demand for our value-added coated and painted products, evidenced by a record level of COLORBOND® steel sales in FY2023.

BlueScope has also continued to **Deliver** during this period. The evolution of our safety culture to a people-centred approach is well embedded, with approximately 900 risk control projects completed since FY2020. The Company has also made solid progress in better reflecting the communities in which it operates, with a range of inclusion and diversity initiatives, while also bolstering our approach to ensuring sustainable supply chains. Over the last four years, BlueScope has demonstrated the financial strength of its business model, with an average underlying EBIT of $1.9 billion, an average return on invested capital of 22%, and an aggregate $1.8 billion returned to shareholders.

Sustainability

During the 2023 financial year, BlueScope continued to progress a range of initiatives in support of the delivery against our key sustainability outcomes.

On climate, a key highlight for the year was the aforementioned announcement of the accelerated feasibility study to build a new electric arc furnace at New Zealand Steel's Glenbrook plant. Additionally, in Australia, BlueScope made significant progress in its collaboration agreement with Rio Tinto, completing a concept study into Direct Reduced Iron (DRI) melter technology. We have broadened our review of the most likely decarbonisation project options for ironmaking, including a focus on the necessary enablers. We have also expanded our technology collaborations with global steelmakers, such as thyssenkrupp, Tata Steel and POSCO.

In the nearer term, our steelmaking emissions intensity is tracking ahead of target with a total 8.3 per cent reduction[3] since FY2018 with a particularly strong performance in FY2023 driven by the

1. Includes $12.5 million of shares settled on 1 and 4 July 2022 that relate to shares bought back in late FY2022.
2. Achieving the 2050 net zero goal is highly dependent on several enablers, including: the development and diffusion of ironmaking technologies to viable, commercial scale; access to affordable, firmed large-scale renewable energy; availability of appropriate volumes of affordable green hydrogen (with natural gas enabling the transition); access to appropriate quality and sufficient quantities of economic raw materials; and supportive policies across all these enablers to underpin decarbonisation investment and avoid carbon leakage.
3. Preliminary data. Final emissions intensity figures will be published in BlueScope's FY2023 Sustainability Report. All GHG emissions data are reported on an equity accounted basis.

ramp up of the North Star expansion and energy and resource efficiency projects at New Zealand Steel and the Port Kembla Steelworks. Non-steelmaking emissions intensity is tracking close to target, having decreased 8.8 per cent overall since FY2018[1].

In seeking to ensure sustainable supply chains, we have focussed on conducting supplier on-site audits for key suppliers identified as being high-risk following pandemic-related interruptions in recent years. The broader procurement teams continued to focus on increasing responsible sourcing knowledge both internally and externally through the year, which also saw the launch of BlueScope's new Responsible Sourcing Policy, to align with ResponsibleSteel™ requirements.

This year as part of our Social Impact due diligence process, a desktop review of potential modern slavery issues was completed across all our sites. This led to an audit at several of our own sites in Malaysia to assess controls and protections in place for contract workers. Through this proactive process, we identified a number of modern slavery matters impacting some of our contract workers in our Malaysian business which require remediation. The remediation approach has prioritised the wellbeing of those affected through all stages of the process, demonstrating our primary consideration for the safety and welfare of all workers on our sites. We will set out more information on this in our FY2023 Modern Slavery Statement, to be released in September.

FY2023 saw BlueScope continue to build an inclusive workforce which reflects the communities in which we operate, while also working to drive positive social impact. Female representation continues to grow in pursuit of the Company's 40:40:20 target, while *beyond gender* strategies are gathering significant pace across the business, designed to suit local community needs – such as a focus on ethnicity in the US.

Board renewal

With more than half our revenues and earnings now coming from outside Australia, it is important that our Board reflects all the regions in which we operate, and in which we will continue to invest and grow. In addition, with the natural renewal of the Board, it is critical that the Board retains the diversity and breadth of skill and experience – particularly those relevant to BlueScope as a large-scale manufacturer of value-added steel products and solutions.

Accordingly, ahead of the FY2022 Annual General Meeting, in September 2022 we welcomed two new independent non-executive Directors. Ms Jane McAloon, based in Melbourne, is an experienced non-executive director and Chair, with extensive experience across natural resources, energy, infrastructure and utilities industries. Ms McAloon is Chair and a non-executive director of EnergyAustralia, and a non-executive director of Newcrest Mining Ltd and Allianz Australia Ltd. Prior to this, Ms McAloon spent nine years as Group Company Secretary at BHP Billiton, including two years on the Group Management Committee as President Governance.

Mr Peter Alexander, based in the US, brings considerable experience in US building materials and distribution, technology products and services industries. Mr Alexander was previously a non-executive director of Boral Ltd, following a significant senior executive career, most recently as CEO of Building Materials Holding Corporation and then President and CEO of the merged NASDAQ listed group BMC Stock Holdings Inc (BMC), a building materials distributor and construction solutions provider.

In July 2023, BlueScope announced the appointment of leading industry executive and soon to retire Sims Ltd Managing Director & CEO, Mr Alistair Field, as a non-executive director to the BlueScope Board, effective from 15 January 2024. A mechanical engineer, he has more than 25 years' experience in the mining, metals and manufacturing sector and worked at senior executive level in North America, the Middle East, South Africa and the UK. Prior to the Sims role, Mr Field most recently led the Patrick Terminals and Logistics Division of Asciano and was Chief Operating Officer of Rio Tinto's Alcan Bauxite and Alumina Division.

And in one final piece of Board renewal for this calendar year, as announced, I've decided to retire as BlueScope Chair and Non-Executive Director effective from the November AGM. My successor is Jane McAloon, who will be an excellent Chair. I have spent 10 years as a Director and eight years as Chair, during which BlueScope survived and thrived through really challenging corporate and commercial issues.

Throughout, I have been inspired by the dedication and professionalism of our people who are always seeking to find solutions, to grow and to deliver. I've had the privilege of serving on the Board with very fine directors who have brought skills and experience to benefit the Company. Together with employees and management, we all have made BlueScope a different type of steel company.

I'm proud to end this phase of my professional career with BlueScope as a resilient and successful global steelmaker, and I'm confident in the future of this outstanding company.

Conclusion

While BlueScope saw a changing macroeconomic environment in FY2023, the robust performance across the Group reflects not only the success of its strategy at work, but also the resilience of its diversified business model.

The Board of Directors and I extend our thanks to our team of over 16,500 people across all 16 countries in which we operate who continue to work safely, support each other's health and wellbeing and serve our customers and communities. I also wish to thank our customers, our shareholders and my fellow Directors for their support.

Looking forward to the immediate term, in 1H FY2024, the Company expects underlying EBIT to be in the range of $700 million to $770 million, subject to spread, foreign exchange and market conditions.

We will provide a further update on trading conditions at our Annual General Meeting on 21 November 2023.

John Bevan
Chairman

1. Preliminary data. Final emissions intensity figures will be published in BlueScope's FY2023 Sustainability Report. All GHG emissions data are reported on an equity accounted basis.

Section

01.

Earnings Report

Operations and Strategy

Description of Operations

BlueScope is a global leader in metal coating and painting for building and construction, employing approximately 16,500 people at over 160 sites in 16 countries.

Principally focussed on the Asia-Pacific region, the Group manufactures and markets a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of building products.

Our businesses

Australia

BlueScope is Australia's largest steel manufacturer, employing around 7,000 people at approximately 100 sites. The operations are a mix of large manufacturing plants, rollforming facilities and distribution centres, producing and selling quality branded products primarily for the Australian building and construction industry.

North America

BlueScope operates five businesses across North America, employing around 4,500 people: North Star BlueScope Steel, BlueScope Recycling and Materials, Buildings North America, BlueScope Coated Products and NS BlueScope North America.

North Star is a low-cost regional supplier of hot rolled coil, based in Ohio, serving automotive, construction and manufacturing end-use industries. North Star is highly efficient, operates at industry leading utilisation rates and is strategically located near its customers and in one of the largest scrap regions of North America. BlueScope Recycling and Materials (BRM) is a full-service, ferrous scrap metal recycler with three processing facilities in the region in which North Star operates.

Buildings North America, BlueScope Coated Products and NS BlueScope North America collectively focus on the large non-residential construction industry, supplying quality engineered buildings systems and high-quality metal coated and painted steel building products.

Asia

BlueScope has an extensive footprint across Asia, employing around 3,500 people in the region. The operations in Thailand, Indonesia, Vietnam, Malaysia, India and China all primarily serve the domestic building and construction industries in each country in which it operates.

BlueScope operates in partnership with Nippon Steel Corporation (NSC) across South East Asia (and the West Coast of North America at NS BlueScope North America) and with Tata Steel in India. Both are 50/50 joint ventures with BlueScope controlling and therefore consolidating the joint venture with NSC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel.

New Zealand and Pacific Islands

The New Zealand Steel business is the only steel producer in New Zealand, with operations also including the Waikato North Head iron sands mine, our Pacific Steel long products business and our Pacific Islands businesses. In the region, the business employs around 1,500 people, and produces a range of flat and long steel products, primarily for domestic use.

In summary

BlueScope has outstanding assets and capability

- Strong operating leverage from a diverse business portfolio.
- A global leader in metal coating and painting for building and construction.
- Iconic industrial brand position of COLORBOND® steel.
- Integrated and resilient Australian business delivering returns across the cycle.
- Expanded footprint across the US flat steel value chain, providing an exciting platform for growth.
- One of the most productive and profitable mini-mills in the US in North Star.
- Expansive footprint across high growth Asian markets.

A Resilient Business Delivering Returns Through the Cycle

A different kind of steel company being purpose-led, sustainability focussed and differentiated by strong brands

Well positioned with a high-quality asset portfolio to take advantage of favourable industry and end use trends

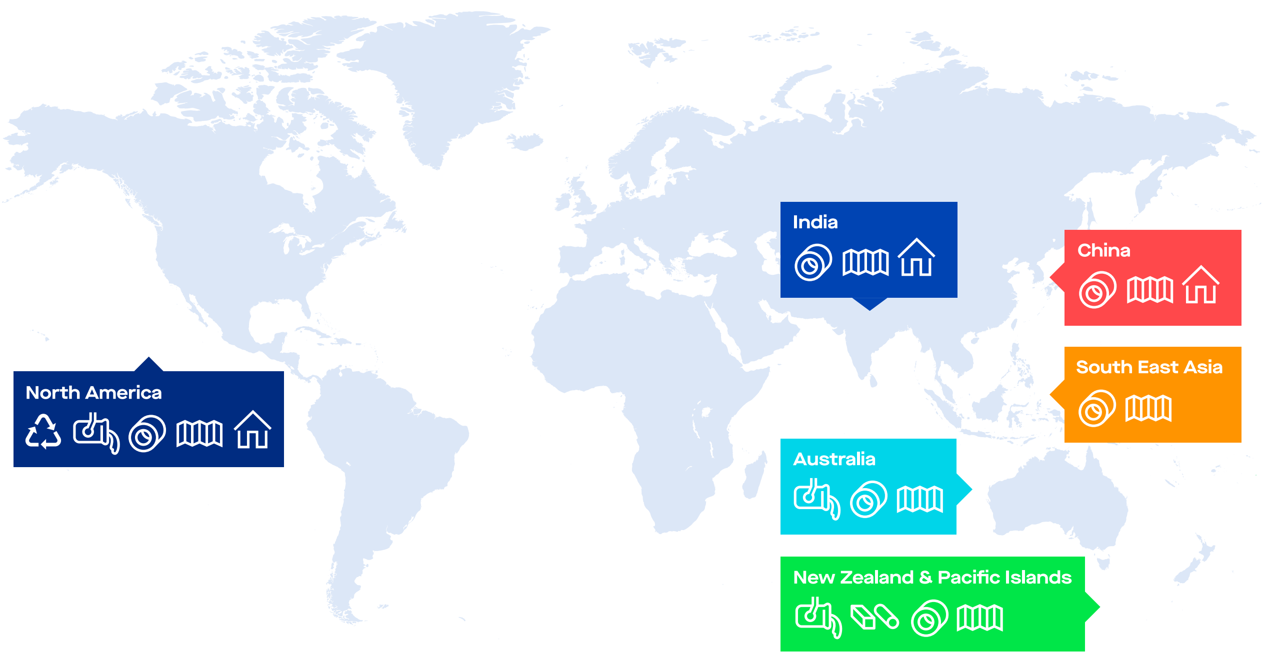
Disciplined approach to deliver returns through the cycle, a strong balance sheet and effective capital allocation

Demonstrated strong returns on invested capital, cash generation and shareholder returns; deploying financial strength to secure sustainable growth and shareholder returns

Transforming our business in the 'age of steel' – producing an essential and inherently circular material, critical to the transition to a low carbon world

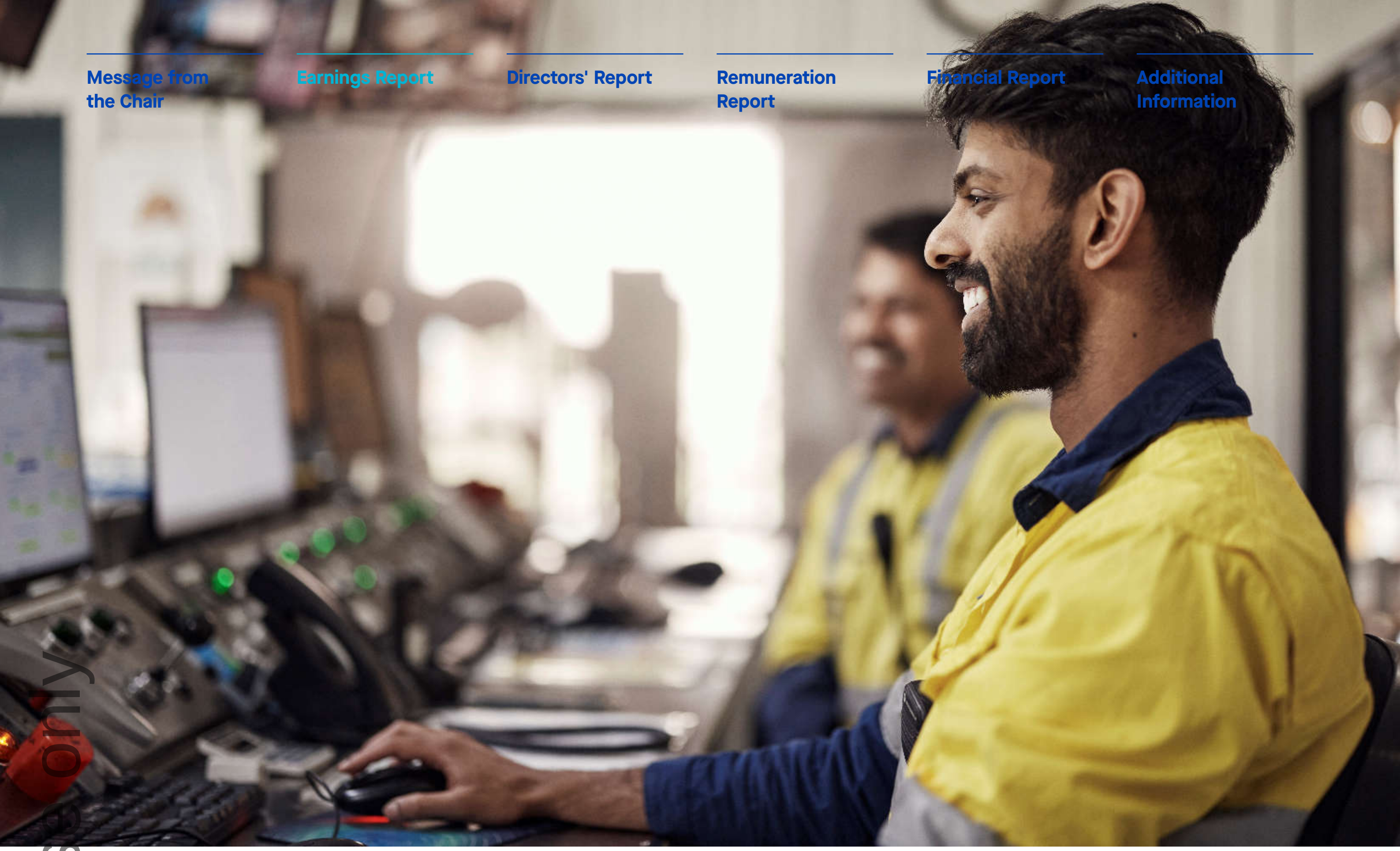
BlueScope's Operating Footprint

16 countries | 160+ sites | 16,500 employees



KEY

RAW MATERIALS	UPSTREAM	MIDSTREAM		DOWNSTREAM	
Recycling (scrap metal)	Steelmaking (flat products)	Metal coating and painting	Long products (rebar, wire)	Steel building materials and components	Steel buildings and systems



Well Positioned for the Favourable Long Term Outlook for Steel

The global green revolution driving demand for steel as a critical input for a clean energy future (incl. wind, solar and transmission infrastructure)

Steel intensive building and construction supported by a robust pipeline of public infrastructure and non-residential investment

Preference for lower density and regional housing maintained by consumers post-pandemic

Transition to the digital economy driving demand for steel intensive e-commerce infrastructure including warehouses, distribution centres and data centres

Recognition of the importance of domestic supply chains and sovereign manufacturing capability, given macroeconomic volatility

Consolidation and rationalisation in the US steel industry supporting enhanced supply-side discipline

Focus on overproduction and emissions reduction in China's steel industry improving regional industry conditions

Our Strategy and Financial Framework

Our Strategy

Our Strategy sets out how we will deliver on Our Purpose and deliver strong returns and sustainable outcomes over the next five years and beyond. Our Strategy drives 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.

Transform	Grow	Deliver
Deliver a step change in customer experience and business performance	Grow our portfolio of sustainable steelmaking and world leading coating, painting and steel products businesses	Deliver a safe workplace, an adaptable organisation and strong returns

Our Financial Framework

Since 2017, our Financial Framework has provided clarity, both internally and to our investors, as to how we approach business performance measurement, capital allocation, the balance sheet and shareholder returns.

The Framework is comprised of three pillars:

		FY2023 Highlights
Returns Focus	• ROIC > WACC on average through the cycle • ROIC incentives for management and employees • Maximise free cash flow generation	**14.6% ROIC**
Robust Capital Structure	• Strong balance sheet, with a target of around $400M net debt[1] • Retain strong credit metrics • Intent to have financial capacity through the cycle to make opportunistic investments or to fund reinvestment in or a shutdown of steelmaking if not cash positive • Leverage for M&A if accompanied by an active debt reduction program	**$703M Net Cash** **$3,317M Liquidity** **Investment Grade Credit Ratings**
Disciplined Capital Allocation	• Invest to maintain safe and reliable operations, to support achievement of decarbonisation pathways, and in foundation and new technologies • Returns-focussed process with disciplined competition for capital between: – Growth capital – Investments and M&A (but avoid top of the cycle) – Shareholder returns (distribute at least 50% of free cash flow to shareholders in the form of consistent dividends and on-market share buy-backs[2])	**$292M Invested for Growth** **$518M Returned to Shareholders**

1. In the short to medium term, BlueScope will retain balance sheet capacity to fund investment for growth and major projects.
2. On-market share buy-backs are an effective method of returning capital to shareholders given the flexibility they provide in managing BlueScope's capital and for the EPS enhancement they can deliver.

More information on BlueScope's Strategy and Financial Framework can be found at https://www.bluescope.com/about-us/our-strategy/

Delivering Our Strategy

FY2023 marks four years of BlueScope's **'Transform, Grow, Deliver'** strategy, under which the Company has made significant progress in pursuit of Our Purpose.

The Company has sought to **Transform** the business, particularly as it relates to addressing climate change. While there is still much to be done, highlights over the last four years include the formation of the Corporate Climate Change function and the establishment of our climate strategy, including defining 2030 targets and a 2050 net zero goal. To date, BlueScope is progressing in line with its medium term targets, and with projects such as the accelerated feasibility study into an electric arc furnace at New Zealand Steel, the Company is well placed for its transition to a low carbon world.

Significant strides have been made under the **Grow** pillar of the strategy, most notably in the US. BlueScope's US presence has grown materially since FY2019, with $2.5 billion invested to build a platform for quality earnings growth through two strategic acquisitions and the expansion at North Star. The ramp up of the expansion is advancing well, and the team is also considering future debottlenecking opportunities. BlueScope Recycling and Materials has continued to gain momentum including via the acquisition of a third site. As the second largest metal coil painter in the US, BlueScope Coated Products provides a great opportunity for BlueScope to take its key painting capabilities into the large US market. In Australia, work has commenced on a new metal coating line in Western Sydney, to support growing demand for our value-added coated and painted products, evidenced by a record level of COLORBOND® steel sales in FY2023.

BlueScope has also continued to **Deliver** during this period. The evolution of our safety culture to a people-centred approach is well embedded, with approximately 900 risk control projects completed since FY2020. The Company has also made great progress in better reflecting the communities in which it operates, with a range of inclusion and diversity initiatives, while also bolstering our approach to ensuring sustainable supply chains. Over the last four years, BlueScope has demonstrated the financial strength of its business model, with an average underlying EBIT return on invested capital of 22%, an average net cash position of around $500 million and an aggregate $1.8 billion returned to shareholders.

Changes to Executive Leadership Team

In order to further deliver on its **'Transform, Grow, Deliver'** strategy, BlueScope made changes to its Executive Leadership Team (ELT) in February 2023.

Tania Archibald was appointed Chief Executive Australian Steel Products, stepping into the role from her previous position as Chief Financial Officer, which she held since 2018. John Nowlan has taken on an advisory ELT role, providing the advice and leadership necessary to ensure the capital development pipeline is set up for success. In the US, Kristie Keast was appointed Chief Executive North America. Kristie previously held the role of Chief Executive People and North American Development, where she has built a solid understanding of our US business in addition to her extensive experience across Australia and New Zealand and in Corporate roles.

In the functional ELT roles, Peta Renkin was appointed Chief People Officer, stepping up from her role as General Manager Building Components in Australian Steel Products, and Mark Scicluna was appointed interim Chief Financial Officer. In March 2023, BlueScope announced David Fallu would join the Company as Chief Financial Officer in September. David brings experience across other leading ASX listed and multi-national organisations including CSR Ltd and Lion Pty Ltd.

Highlights (FY2020-23)

Transform	Grow	Deliver
8.3% Reduction in steelmaking emissions (since FY2018)[1]	**North Star Expansion** 850ktpa expansion of North Star completed	**22%** Average Underlying EBIT ROIC
EAF at NZ Steel Accelerated feasibility study	**BlueScope Coated Products** ~$700M acquisition of 2nd largest US coil painting business	**~$500M** Average net cash position
Scrap Acquisition Enhanced circularity via BRM acquisition	**BlueScope Recycling** ~$430M acquisition of three scrap processing sites	**$1.8Bn** Returned to Shareholders
Established Climate Team Central team of 11 people in addition to in-business teams	**New Metal Coating Line** 240ktpa Metal Coating Line in Western Sydney announced	**~900** HSE Risk Management projects completed
Embedded Digital Capability Across the business and established corporate centre of excellence	**Properties Group** ~$275M invested to expand BlueScope Properties Group	**40:40** Gender target set; met at ELT and Board level

1. Preliminary data. Final emissions intensity figures will be published in BlueScope's FY2023 Sustainability Report. All GHG emissions data are reported on an equity accounted basis.

Our Vision for Port Kembla

As the Port Kembla Steelworks approaches its 100-year anniversary in 2028, we are looking towards its low carbon, modern manufacturing future. We are actively exploring options for the longer term, large-scale decarbonisation of our operations, in order to realise our vision of low emissions iron and steelmaking in Australia.

Implementing the reline and upgrade project allows us the necessary time to develop, test and pilot alternative viable lower emissions iron making pathways. It also recognises the practical reality of the time frames required for the establishment of the critical enablers to lower emissions steelmaking[1].

The reline does not lock us in to a full 20-year blast furnace campaign. In contrast, it secures our immediate future while enabling a transition to lower emissions steelmaking as soon as it is commercially feasible. In this sense the reline project is our bridge to the future and critical to maintaining the sovereign capability of flat steelmaking in Australia. The relined 6BF is expected to be commissioned in mid to late 2026.

We are seeking to deliver the next wave of customer, growth and productivity improvements through robotics, automation and digital resources. Examples of projects already implemented are a predictive maintenance program using asset intelligence, digital twin models and production and supply chain optimisation tools.

As part of planning for the next 100 years in the Illawarra, BlueScope is nearing the completion of the development of a Master Plan for around 200 hectares of excess landholdings adjacent to the Port Kembla Steelworks. The concept is now taking shape with broader themes focussed around modern manufacturing, clean energy, education and training, and community – which build upon the industrial foundations and capabilities of the Illawarra region.

1. In addition to the development and diffusion of ironmaking technologies to viable, commercial scale, enablers include: access to affordable, firmed large-scale renewable energy; availability of appropriate volumes of affordable green hydrogen (with natural gas enabling the transition); access to appropriate quality and sufficient quantities of economic raw materials; and supportive policies across all these enablers to underpin decarbonisation investment and avoid carbon leakage.

Sustainability Update

Safety

~900

HSE risk control projects completed since 2020

Climate Change

8.3%

Reduction in steelmaking GHG emissions intensity since FY2018[1]

Health, Safety and Environment (HSE)

After evolving our overall approach to health and safety in recent years, BlueScope has now embraced a people-centred approach and embedded a culture of learning from our people. Across the business, BlueScope is implementing innovative and practical risk control improvements to enhance resilience, while empowering all people to identify opportunities for improvement, and be part of the solution.

Key to this evolved approach is the use of balanced leading and lagging indicators, to align with our strategic direction and industry standards, allowing us greater insight into HSE performance. Leading indicators provide visibility over risk management, including risk control improvement projects and participation in leadership workshops. Lag indicators provide meaningful context from observed injury indicators, particularly relating to the presence of capacity in our processes and systems to reduce injury severity, both actual and potential.

In FY2023, BlueScope employees completed 249 of the 250 identified team-based HSE risk control improvement projects for the year. These projects build capacity in how we manage material risks, to reduce the likelihood of life-changing and significant events. In addition, during the year 48 environmental improvement projects were submitted as entries in the annual BlueScope Environmental Awards, which resulted in a reduction of approximately 13,000 megawatt hours in electricity consumption, a saving of around 200,000 kilolitres of fresh water and approximately $4.2M in annualised cost savings.

Since 2020, 1,657 of BlueScope's leaders have participated in expert-led HSE risk management workshops, with over 250 of BlueScope's supply chain and industry partners also participating during this time. In addition, 1,541 employees were involved in business-led HSE learning programs in FY2023, as this lead metric shifts from leaders to incorporate broader workforce participation and learning.

The lagging injury metric TRIFR was 7.5 per million hours worked in FY2023, above the top end of the long term historical range of 5-7, with the inclusion of recent scrap recycling asset acquisitions. The injury profile during the year continued to be lower severity injuries (e.g. sprains, lacerations), with two of the injuries resulting in a permanent incapacity, and eight having had the potential to be a fatal incident. These figures remained stable on previous financial years' lag indicators, from which the Company derives meaningful insights.

Climate Change

BlueScope made progress towards its 2030 emissions intensity reduction targets through the financial year. Steelmaking emissions intensity is tracking ahead of target with a total 8.3 per cent reduction[1] since FY2018, with a particularly strong performance in FY2023 driven by the the ramp up of the North Star expansion and energy and resource efficiency projects at New Zealand Steel and the Port Kembla Steelworks. Non-steelmaking emissions intensity is tracking close to target, having decreased 8.8 per cent overall since FY2018.

In May 2023, the Company announced an accelerated feasibility study to build a new electric arc furnace (EAF) at New Zealand Steel's Glenbrook works. With a target of being operational by 2026, this NZ$300 million project will be co-funded by the New Zealand Government and will reduce Scope 1 and 2 GHG emissions by at least 45 per cent. The business also continues to support research into hydrogen-based ironmaking processes for New Zealand iron sand, in partnership with the Victoria University, Wellington.

In Australia, BlueScope made significant progress in its collaboration agreement with Rio Tinto, completing a concept study into DRI Melter technology. We have broadened our review of the most likely decarbonisation project options for ironmaking in Australia, including a focus on the necessary enablers. We have also expanded our technology collaborations with global steelmakers, such as thyssenkrupp, Tata Steel and POSCO.

Further progress has been made on a range of projects to optimise existing operating assets at Port Kembla. Trials have been completed on the potential use of biochar to replace PCI in the blast furnace, with positive initial results. Other projects underway include a new humidity control process for the blast furnace reducing coke consumption, trialling higher scrap rates and a feasibility study for a new waste gas heat recovery plant.

Multiple projects across non-steelmaking sites are set to deliver gas and electricity use improvements. Projects include the replacement of a gas-fired oven for the paint line at our Western Port facility in Australia and extending the pre-heat section of a metal coating line furnace at the Kapar facility in Malaysia. Solar projects across many sites globally are delivering efficiency in our energy use and emissions reductions.

1. Preliminary data. Final emissions intensity figures will be published in BlueScope's FY2023 Sustainability Report, due to be released in September 2023. All GHG emissions data are reported on an equity accounted basis.

Sustainable Supply Chain

229

Supplier assessments completed in FY2023

Inclusion and Diversity

24%

Female participation in the BlueScope workforce

Sustainable Supply Chain

BlueScope seeks to foster responsible business practices and uphold human rights through engagement, risk assessment and improvement activities, and endeavours to partner with suppliers who share our core values.

BlueScope has completed the Engage and Assess process with 385 suppliers since the start of its responsible sourcing program in late FY2019. Around 60% of all assessments have been through the EcoVadis process, 72% of which have been low risk, 25% have been medium risk and 3% have been high risk.

In FY2023, 229 assessments were completed, which included a mix of new supplier assessments, re-assessments and shared assessments. During the year there was significant focus on conducting on-site audits for key suppliers identified as being high risk. Of the twelve on-site audits undertaken during FY2023, five were assessed as being low risk, four as medium risk and three as high risk. The local procurement teams are working with suppliers on improvement opportunities identified through the audits.

The broader procurement teams continued to focus on increasing responsible sourcing knowledge both internally and externally. In February, an internal global procurement and supply chain learning community was launched with a strong focus on human rights, modern slavery, responsible sourcing, and sustainability upskilling material.

BlueScope's Supplier Code of Conduct was reviewed and updated to align with increased global focus on ESG and our continuous improvement approach. The new Code is being translated into our key supplier languages and will be launched in early FY2024 with an internal and external education campaign.

Human Rights and Social Impact

This year as part of our Social Impact due diligence process, a desktop review of potential modern slavery issues was completed across our operations. A third-party consultant was then engaged to conduct a Labour and Working Conditions Audit in Malaysia. Through this proactive due diligence process, we identified a number of International Labour Organisation forced labour indicators impacting some of our contract workers in Malaysia, which requires remediation. More information on our progress will be included in the Modern Slavery Statement.

The Social Impact Steering Committee established our social impact due diligence process to identify potential or actual risk, track remedy and business unit actions, and drive a continuous improvement mindset in the context of human rights. Our aim is to ensure problems and concerns are discovered, acknowledged and addressed (being mindful of the safety and welfare of the affected parties), and that we learn from any experiences and take preventative measures by implementing improved practices across the business.

Increasing awareness of human rights issues is one way BlueScope can deliver positive social impact. In December 2022, we continued the conversation on Human Rights. We celebrated a number of events, including International Day for the Abolition of Slavery, International Day of People with Disability and Human Rights Day. These forums are designed for our employees to understand how these topics impact our work.

Inclusion and Diversity

We strive to build a workforce which reflects the diversity of the communities in which we operate. Female representation overall is unchanged at 24 per cent. Female representation on the Executive Leadership team exceeds 50 per cent, with the Board also having 50 per cent female representation, aligned to our 40:40:20 target. While recruitment of women in some of our businesses has been challenging, we remain optimistic that the innovative strategies that have been implemented in recent years are continuing to have a positive effect. *Beyond gender* strategies continue to emerge across the business units, designed to suit local community needs – such as a focus on ethnicity in the US and First Nations in Australia.

Living Our Bond and Our Purpose, and continuing to build on the strong foundation of our inclusive culture remains important for FY2024. Our focus areas continue to evolve to reflect our environment and progress, and include the following themes; belonging, equity, capability and continuously improving our data insights.

Regulatory Proceedings

On 9 December 2022, the Federal Court found against BlueScope and a former employee in a proceeding initiated by the ACCC alleging contraventions of the Australian competition law cartel provisions. A remedies hearing was held on 12 April 2023. BlueScope is awaiting the outcome of that hearing and no decision has been made about any appeal. An accounting provision of $45M was recognised as at June 2023.

Group Financial Review

FY2023 Highlights

Sales from continuing operations

$18.2Bn

↓ 4% **on** FY2022
2H result $8.9Bn

Reported NPAT

$1.01Bn

↓ 64% **on** FY2022
2H result $410.3M

Underlying EBIT

$1.61Bn

↓ 58% **on** FY2022
2H result $756.6M

Underlying ROIC[1]

14.6%

↓ **from** 41.6% **in** FY2022

Capital Management

Fully franked final dividend of 25.0 cps

Extension of buy-back to allow up to $400M to be bought over next 12 months

Net Cash

$703.3M

↑ **from $606.1M in** 31 Dec 22

1. Return on Invested Capital – calculated as last 12 months' underlying EBIT over trailing 13 month average capital employed.

Financial Summary

Table 1: Financial summary

$M unless marked	FY2023	FY2022	Variance %
Sales revenue from continuing operations	**18,174.2**	18,990.9	(4%)
EBITDA - underlying[1]	**2,266.0**	4,336.7	(48%)
EBIT - reported[1]	**1,487.3**	3,848.9	(61%)
EBIT - underlying[1]	**1,607.7**	3,787.2	(58%)
Return (Underlying EBIT) on invested capital (%)	**14.6%**	41.6%	-27.0%
NPAT - reported	**1,009.2**	2,810.1	(64%)
NPAT - underlying	**1,098.8**	2,701.1	(59%)
Interim dividend	**25.0**	25.0	-
Final Dividend	**25.0**	25.0	-
Reported earnings per share (cps)	**217.4**	571.5	(62%)
Underlying earnings per share (cps)	**236.7**	549.4	(57%)
Net Debt / (Cash)	**(703.3)**	(367.1)	(92%)
Gearing %	**N/A - net cash**	N/A - net cash	-
Leverage (net debt / LTM underlying EBITDA)	**N/A - net cash**	N/A - net cash	-

1. Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. Underlying adjustments included discontinued operations, acquisitions and disposals of businesses, asset impairments/write-backs and restructuring costs. Tables 12, 13 and 14 explain why the Company has disclosed underlying results and provide reconciliations of underlying earnings to reported earnings.

Revenue

The 4% decrease in sales revenue from continuing operations was primarily due to lower selling prices driven by lower global steel prices, partially offset by higher despatch volumes and favourable impacts from a weaker Australian dollar exchange rate (A$:US$).

Earnings Before Interest & Tax

The 58% decrease in underlying EBIT reflects:

- $1,911.0M spread decrease, primarily due to:
  - lower domestic and export prices due to lower global steel prices ($2,066.7M)
  - partially offset by lower raw material costs, primarily due to lower steelmaking raw material costs at North Star and lower steel feed costs at Buildings and Coated Products North America and Coated Products Asia, partially offset by higher steelmaking raw material costs at ASP ($155.7M)
- $55.1M favourable impact of volume/mix
- $358.6M unfavourable movement in costs, comprised of:
  - $46.5M cost improvement initiatives, primarily at ASP, Coated Products Asia and Buildings & Coated Products North America
  - $145.1M unfavourable volume impact on costs
  - $226.6M unfavourable impact of general cost escalation, including a non-cash cost of $28M from the revaluation of the Finley Solar Farm Power Purchase Agreement derivative, which compares to a benefit of $56M in FY2022, partially offset by lower remuneration expense linked to financial performance
  - $33.4M unfavourable movement in other costs
- $70.2M favourable translation impact from a weaker A$:US$ exchange rate
- $35.2M unfavourable movement in other items.

The $2,361.6M (61%) decrease in reported EBIT reflects the movement in underlying EBIT discussed above and $182.0M unfavourable net underlying adjustments as outlined in Tables 13 and 14. The most significant underlying adjustments in FY2023 were impairment of Building Products Malaysia ($50.0M pre-tax), an estimate of penalty and legal costs associated with the ongoing ACCC civil cartel proceedings against BlueScope ($45.0M) and costs associated with business development and acquisitions ($30.4M), together with net favourable adjustments in the prior period.

Finance Costs and Funding

Net finance costs decreased by $21.3M largely due to higher interest income on cash and investments due to rising interest rates.

In November 2022, BlueScope extended and increased its core bilateral loan facilities to $1,310M, from $1,005M, with the support of its group of 10 key banks. In January 2023, a wholly owned subsidiary of BlueScope repaid from cash its US$300M senior unsecured Reg-S notes ahead of their May 2023 maturity. These transactions bring BlueScope the benefit of increased funding tenor and decreased finance costs, while maintaining robust financial liquidity.

Financial liquidity was $3,317.1M at 30 June 2023 ($3,116.6M at 30 June 2022), comprised of $1,827.3M committed undrawn bank debt capacity and $1,489.8M cash. Liquidity in the NS BlueScope Coated Products JV was $677.9M, which is included in the Group liquidity measure.

Tax

FY2023 tax expense of $352.0M (FY2022 $806.7M), equivalent to an effective tax rate of 24.6% (FY2022 21.5%), was impacted by the foreign tax rate differential predominantly relating to lower tax rates on profits earned in North America and to a lesser extent, Asia, and an impairment of property, plant and equipment at Building Products Malaysia.

The BlueScope Australian consolidated tax group made $162.8M in corporate income tax payments in FY2023, generating franking credits to allow both the interim dividend paid in FY2023 to be fully franked, and franking credits to be attached to the FY2023 final dividend.

Dividend and Capital Management

BlueScope's capital management policy:

- The Group pursues a returns-focussed process with disciplined competition for capital that balances annual shareholder returns and long term profitable growth.
- Having regard to the above, the current policy is to distribute at least 50% of free cash flow to shareholders in the form of consistent dividends and buy-backs.
- In the short to medium term, BlueScope will retain balance sheet capacity to fund investment for growth and major projects.
- In the longer term, BlueScope will continue to target around $400M net debt.

During FY2023, BlueScope paid an unfranked final ordinary dividend in respect of FY2022 of 25.0 cents per share and a fully franked interim ordinary dividend in respect of 1H FY2023 of 25.0 cents per share.

The Board of Directors has approved the payment of a final ordinary dividend of 25.0 cents per share, which will be fully franked for Australian tax purposes. As the dividend is fully franked, there is no requirement for it to be declared to be conduit foreign income, and there are no New Zealand imputation credits attached to the final dividend. BlueScope's dividend reinvestment plan will not be active for the final dividend.

Relevant dates for the final dividend are as follows:

- Ex-dividend share trading commences: 12 September 2023.
- Record date for dividend: 13 September 2023.
- Payment of dividend: 17 October 2023.

Buy-back:

- BlueScope will continue to use on-market share buy-backs to supplement the payment of consistent dividends. Buy-backs are attractive given the flexibility they provide in managing BlueScope's capital and for the EPS enhancement they can deliver.
- During FY2023, $285M of shares were bought through the buy-back program.
- The Board has approved an increase in the scale and tenor of the buy-back program to allow up to $400M to be bought over the next 12 months. The timing and value of stock purchased will be dependent on the prevailing market conditions, share price and other factors.

Financial Position

Net assets increased $582.6M to $11,030.7M at 30 June 2023 from $10,448.1M at 30 June 2022. Net assets were higher as a result of foreign exchange translation (approximately $230M) primarily as a result of a weaker A$:US$, along with an increase in net assets in their functional currency. Significant movements in underlying currency were:

- $537M decrease in borrowings and lease liabilities
- $417M decrease in trade payables, mainly due to lower raw material prices
- $235M increase in property, plant and equipment, including assets associated with the North Star expansion project
- $112M decrease in capital payables, mainly at North Star due to the completion of the expansion project
- Partially offset by a $577M decrease in inventories, where a decrease in rate was partially offset by higher volumes, a $319M decrease in receivables driven by lower steel prices, and a $196M decrease in cash due to net cash flow during the period.

Business Unit Reviews

Australia

BlueScope's Australian business, Australian Steel Products (ASP) employs around 7,000 employees at approximately 100 sites, being a mix of large manufacturing plants, rollforming facilities and distribution centres across Australia.

The business specialises in flat steel products, including hot rolled coil, cold rolled coil, plate and value-added metallic coated and painted steel solutions. Its key focus is on higher value, branded products for the building and construction industry.

The Port Kembla Steelworks – in New South Wales' Illawarra region – is the largest steel production facility in Australia, with an annual crude steel production capacity of over three million tonnes.

BlueScope's branded products are recognised leaders in Australia, and include COLORBOND® steel, TRUECORE® steel, ZINCALUME® metallic coated steel, TRU-SPEC® steel.

The ASP segment includes LYSAGHT® and FIELDERS® building products, Orrcon Steel® pipe and tube operations and steel distribution sites, and BlueScope Distribution across Australia.

Financial Performance – FY2023 vs. FY2022

Sales revenue

The $298.5M decrease in sales revenue was primarily due to lower export selling prices, which decreased with benchmarks, partially offset by higher realised domestic prices.

EBIT performance

The $760.9M decrease in underlying EBIT was largely due to:

- lower realised spreads due to lower export prices and higher steelmaking raw material costs, which more than offset stronger domestic prices
- weaker sales volume/mix due to lower domestic despatches and increased exports
- weaker contribution from export coke sales on lower margins and volumes
- higher costs, including a non-cash cost of $28M from the revaluation of the Finley Solar Farm Power Purchase Agreement derivative, which compares to a benefit of $56M in FY2022, partially offset by lower remuneration expense linked to financial performance.

Underlying adjustments in reported EBIT are set out in tables 13 and 14.

Key Financial and Operational Measures

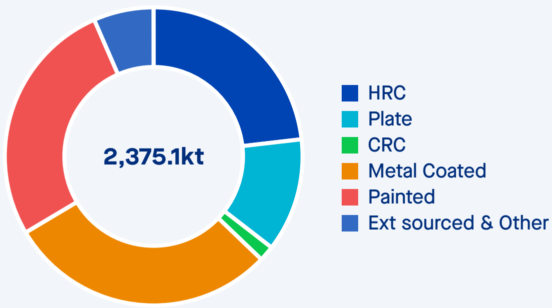
Table 2: ASP financial performance

$M	FY2023	FY2022	Var %	2H FY2023
Sales Revenue	**7,930.2**	8,228.7	(4%)	3,840.5
Reported EBIT	**492.1**	1,298.0	(62%)	218.3
Underlying EBIT	**537.1**	1,298.0	(59%)	263.3
NOA (pre tax)	**3,466.0**	3,694.7	(6%)	3,466.0
Underlying EBIT ROIC	**14.4%**	37.1%	-22.7%	14.4%

Table 3: ASP steel sales volume

000 tonnes	FY2023	FY2022	Var %	2H FY2023
Domestic				
- ex mill	**2,252.4**	2,511.8	(10%)	1,164.3
- ext sourced	**122.7**	187.6	(35%)	51.6
Export	**950.0**	456.9	108%	430.8
Total	**3,325.1**	**3,156.3**	**5%**	**1,646.7**

Chart 1: FY2023 ASP domestic sales volume mix



Return on invested capital

ROIC decreased to 14.4% driven by lower EBIT, partially offset by lower net operating assets. Net operating assets at 30 June 2023 were $228.7M lower than at 30 June 2022, primarily due to lower inventories and lower receivables, partially offset by lower payables and higher fixed assets.

Sales and operations

Domestic mill sales

FY2023 domestic sales volumes ex-mill decreased 10% on FY2022 to 2,252.4kt. The reduction in domestic despatches were observed predominantly in the more commoditised product range, due to destocking across the distribution channel and supply chain disruptions, including wet weather, rail outages, and labour shortages.

- These disruptions were more pronounced during 1H FY2023 with despatch levels improving across 2H FY2023. The improvement was aided by favourable building weather conditions on the eastern seaboard in the last quarter of the financial year.

Total annual sales of COLORBOND® steel were the highest on record for the ASP business, supported by specific sales and marketing initiatives and a robust pipeline of demand.

Sales into the residential construction segment declined in FY2023 compared to FY2022. Targeted campaigns continued to focus on consumers, builders, and fabricators and while activity across this segment remains strong, activity levels were challenged by several factors, in particular significant material and labour shortages, wet weather, delayed import arrivals and other supply chain disruptions which all contributed to weaker activity, particularly during 1H FY2023.

Despite these challenges, builders continued to work through the extended pipeline coming out of the Federal Government's ‘HomeBuilder’ program, covering both new detached dwellings and alterations and additions. Furthermore, some of the supply chain disruptions experienced in 1H FY2023 eased in 2H FY2023, facilitating stronger despatches.

Strength in activity across the alterations and additions segment continued in FY2023, supported by the ongoing trend towards regional living and working and redirected discretionary spend. A resilient labour market and softer than expected house price declines of just over 5% nationally also provided the confidence for households to renovate.

Sales into non-residential construction declined in FY2023 compared to FY2022 however remained broadly resilient supported by a number of factors.

- A strong approvals pipeline has supported both Commercial and Industrial as well as Social and Institutional activity.
- The Social and Institutional sub-segment continues to be supported by government investment in major hospital health projects and education, particularly for steel intensive products.
- The pipeline of projects across the Commercial and Industrial sub-segment continues to support demand, with improving supply chains further strengthening sentiment. Investment in factories and retail segments was stronger, with the latter rebounding post a muted pandemic period of investment. Demand for new warehousing continued to be buoyed by the shift towards e-commerce.

Sales into the engineering and mining sectors were also down during FY2023 compared to FY2022, with activity in these sectors impacted by labour and material shortages across the construction industry in general. Sales continued to be supported by the national infrastructure plan, particularly in roads and rail.

Demand in the agriculture segment was impacted by wet weather, particularly during 1H FY2023. The pullback in FY2023 also follows three years of solid investment in this sector.

Demand in the manufacturing sector also declined in FY2023 compared to the prior year, largely impacted by the lower activity levels across residential construction during the financial year.

Export sales

Despatches to export customers in FY2023 (950.0kt) were higher than FY2022 (456.9kt), driven by a reduction in domestic sales. Export margins were lower in FY2023 than the prior financial year due to lower global steel prices

Export coke sales

In FY2023, despatch volumes were 584.1kt, down 11% on FY2022 due to timing of shipments. Margins were lower in FY2023 on weaker global demand, resulting in lower coke prices relative to coal costs.

North America

BlueScope operates five businesses in North America, employing around 4,500 people. BlueScope's North American operations are represented in two reporting segments; North Star and Buildings and Coated Products North America (BCPNA). The North Star reporting segment comprises the North Star BlueScope Steel (North Star) and BlueScope Recycling and Materials (BRM) businesses. The BCPNA segment comprises Buildings North America (BNA), BlueScope Coated Products (BCP) and NS BlueScope Coated Products (Steelscape and ASC Profiles).

Established in 1996 in Delta, Ohio, North Star is one of the most efficient steel mills in North America producing high quality hot rolled coil from electric arc furnaces, using scrap metal, pig iron and alloys. North Star is consistently rated as one of the top producers of flat rolled steel in North America in the annual Jacobson Survey of steel customers measuring customer satisfaction. The business's end customer segment mix is broadly comprised of 50% automotive, 35% construction, 10% manufacturing/industrial and 5% agricultural.

BRM is a full-service, ferrous and non-ferrous scrap metal recycler, primarily focussed on supplying North Star's scrap requirements. The business operates across three sites in Delta, Ohio (adjacent to North Star), Waterloo, Indiana and Mansfield, Ohio.

Servicing the low-rise non-residential construction segment, BNA is a leader in engineered building solutions (EBS), pre-fabricating the likes of distribution centres, factories and stores. BNA provides an integrated offering of building products and services through its portfolio of brands, including the highly recognised BUTLER® and VARCO PRUDEN™ engineered building brands. The BNA business also includes the BlueScope Properties Group (BPG), which develops industrial real estate, consisting predominantly of warehouses and distribution centres.

BCP was established via acquisition in June 2022. BCP is the second largest metal painter in the US, with a total capacity of around 900,000 tonnes per annum across seven facilities; five light gauge and two heavy gauge coil painting facilities. The business predominantly serves commercial and industrial construction applications, and is known for its customer service levels, particularly related to flexibility of paint systems on both steel and aluminium substrates.

BlueScope operates the NS BlueScope Coated Products business on the West Coast of the US as part of its 50/50 joint venture with Nippon Steel Corporation (NSC). This includes the Steelscape metal coating and painting business and the ASC Profiles building products business, both of which primarily serve the Western US non-residential construction industry.

Financial Performance – FY2023 vs. FY2022

Sales revenue

The $379.1M decrease in sales revenue was due to lower prices at North Star, which declined with benchmarks. This impact was largely offset by stronger despatch volume at North Star, the inclusion of BCP revenue, higher prices at BNA, and the favourable translation impact of a weaker A$:US$.

EBIT performance

The $1,294.8M decrease in underlying EBIT was due to:

- **North Star:** Delivered an underlying EBIT of $443.0M in FY2023, compared to $1,900.1M in FY2022. The decrease was driven by weaker spreads, largely resulting from a significant decrease in Midwest benchmark hot rolled coil prices. This unfavourable impact was partially offset by an increase in despatch volume from the ongoing ramp up of the expansion.

Key Financial and Operational Measures

Table 4: North America performance

$M	FY2023	FY2022	Var %	2H FY2023
Sales Revenue	**7,019.9**	7,399.0	(5%)	3,509.2
Reported EBIT	**930.8**	2,244.0	(59%)	466.4
Underlying EBIT	**964.7**	2,259.5	(57%)	481.2
NOA (pre tax)	**5,443.4**	5,243.6	4%	5,443.4
Underlying EBIT ROIC	**18.0%**	57.4%	-39.4%	18.0%
Despatches	**3,251.7**	2,606.8	25%	1,689.5

Table 5: North Star performance

$M	FY2023	FY2022	Var %	2H FY2023
Sales Revenue	**3,479.6**	4,494.5	(23%)	1,846.0
Reported EBIT	**433.0**	1,887.5	(77%)	238.4
Underlying EBIT	**443.0**	1,900.1	(77%)	241.5
NOA (pre tax)	**3,561.6**	3,319.5	7%	3,561.6
Underlying EBIT ROIC	**12.6%**	66.7%	-54.1%	12.6%
Despatches	**2,353.9**	2,043.0	15%	1,264.5

Table 6: North Star performance in US$M

US$M	FY2023	FY2022	Var %	2H FY2023
Sales Revenue	**2,340.8**	3,259.6	(28%)	1,244.8
Underlying EBITDA	**379.6**	1,446.9	(74%)	206.2
Underlying EBIT	**297.3**	1,380.3	(78%)	161.2

Table 7: BCPNA performance

$M	FY2023	FY2022	Var %	2H FY2023
Sales Revenue	**3,640.8**	2,980.1	22%	1,737.3
Reported EBIT	**503.1**	348.4	44%	237.9
Underlying EBIT	**527.0**	351.3	50%	249.6
NOA (pre tax)	**1,891.3**	1,928.5	(2%)	1,891.3
Underlying EBIT ROIC	**27.7%**	32.5%	-4.8%	27.7%
Despatches	**960.1**	594.8	61%	469.1

- **BCPNA:** Delivered an underlying EBIT of $527.0M in FY2023, compared to $351.3M in FY2022. The increase was mainly due to margin expansion at BNA, which saw significantly higher selling prices. This favourable impact was partially offset by higher costs and lower despatch volumes.

Underlying adjustments in reported EBIT are set out in tables 13 and 14.

Return on invested capital

ROIC decreased to 18.0% driven by lower EBIT and higher net operating assets. Net operating assets at 30 June 2023 were $199.8M higher than at 30 June 2022, primarily due to the translation impact of a weaker A$:US$.

Sales and operations

North Star and BRM

Benchmark Midwest steel prices and spreads softened in early FY2023 following significant declines in 2H FY2022, before rising again in the third quarter of the financial year.

Demand for North Star's product remained solid throughout FY2023 – with North Star dispatching at full capacity. Approximately 250kt was produced from the expansion project during its ongoing ramp up in FY2023, which is progressing well. Full run rate is expected to be achieved in 1H FY2025, representing a slight delay on initial expectations as scheduling and product flows of dual casting are refined. Activity levels in the automotive segment remained stable however US automotive industry sales remain at subdued levels due to ongoing supply chain impacts.

The integration of BRM continues to progress well, including the process to integrate the third site acquired in August 2022. During FY2023, BRM processed 30% of North Star's scrap volume requirement.

Supply of hot briquetted iron continued in FY2023 under the multi-year contract with Cleveland-Cliffs from their Toledo HBI plant, as part of North Star's diversified metallics supply arrangements.

Buildings and Coated Products North America

Buildings North America

Earnings in FY2023 improved significantly compared to FY2022; with margins remaining at expanded levels driven by orders that were priced in a higher steel price environment but were subsequently produced and shipped following the significant softening of steel costs. FY2023 despatches were 9% lower than the prior corresponding period due to timing of shipments.

Key initiatives being progressed to drive improved performance and support future growth potential include:

- a focus on segmentation to better understand, identify, prioritise and organise around the greatest opportunities for growth
- the design and development of a data platform, to generate efficient, accurate and reliable business intelligence and customer insights
- foundational technology investment to modernise and provide a holistic digital engineering and customer experience
- continued investment in engineering and manufacturing capacity to enable business expansion.

At BlueScope Properties Group (BPG), no projects were sold in FY2023. During the year, BPG continued to expand its development pipeline, completing construction of three projects and commencing three more, for realisation in future periods. As noted in its 2H FY2023 guidance in February 2023, BlueScope expected a BPG property sale late in FY2023. Given the changes in the macro-economic environment throughout 2H FY2023, BPG decided to defer the sale until conditions improve. The asset is fully leased and will generate revenue from August 2023.

BlueScope Coated Products

FY2023 was the first full year of BlueScope Coated Products, which was established via acquisition on 28 June 2022. Significant progress was made in integrating the business over the past year; employee and customer sentiment has been positive and the business progressed longer term growth initiatives such as its single-bill and COLORBOND® offerings. The BCP business delivered a small contribution to segmental earnings in FY2023.

NS BlueScope Coated Products (Steelscape & ASC Profiles)

Steelscape (coating and painting) sales volume decreased by 12% in FY2023 compared to FY2022. While underlying demand remained stable, customers reduced their inventory holdings on declining steel prices and project delays due to labour shortages and weather conditions. Various customer-centric strategic initiatives are ongoing, with a focus on the growth of the design solution product and service offering.

ASC Profiles (building components) continued to maintain strong margins in its key end use segments, primarily in the decking segment despite softer volumes which were also impacted by customers reducing inventory.

Asia

The business has an extensive footprint of metallic coating, painting and steel building product operations in Thailand, Indonesia, Vietnam Malaysia, India and China, primarily servicing the domestic residential and non-residential building and construction industries in each country in which it operates. Collectively, these businesses employ around 3,500 people, and form the Coated Products Asia reporting segment.

BlueScope is a technology leader in metal coated and painted steel building products, with a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of building products.

BlueScope operates its South East Asian businesses in partnership with Nippon Steel Corporation (NSC) and in India with Tata Steel. Both are 50/50 joint ventures, with BlueScope controlling and therefore consolidating the joint venture with NSC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel.

The BlueScope China business is wholly owned by BlueScope and is comprised of metal coating, painting and Lysaght operations, and Engineered Buildings Solutions (EBS).

Financial Performance – FY2023 vs. FY2022

Sales revenue

The $139.9M decrease in sales revenue was primarily due to lower prices and despatch volumes in South East Asia, partially offset by higher despatch volumes in China.

EBIT performance

The $23.8M decrease in underlying EBIT was due to:

- **South East Asia:** Delivered an underlying EBIT of $38.3M in FY2023, compared to $85.7M in FY2022. This was primarily driven by weaker despatch volumes across the region.
- **China:** Delivered an underlying EBIT of $90.8M in FY2023, compared to $63.3M in FY2022. This is a record result, driven by higher margins and despatch volumes.
- **India:** The TBSL joint venture delivered an underlying EBIT of $20.5M (50% basis) in FY2023, compared to $29.3M in FY2022, mainly due to weaker margins, partially offset by higher despatch volumes.

Return on invested capital

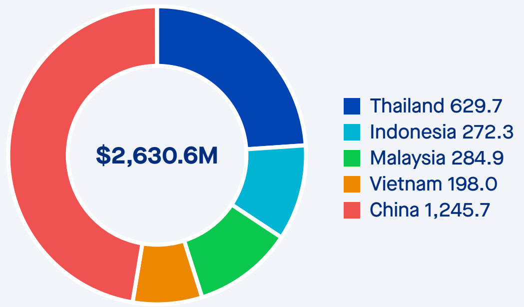
ROIC decreased to 12.4% driven by lower EBIT, partially offset by lower net operating assets. Net operating assets at 30 June 2023 were $171.9M lower than at 30 June 2022, primarily due to lower inventories, fixed assets and receivables, partially offset by lower payables.

Key Financial and Operational Measures

Table 8: CPA performance

$M	FY2023	FY2022	Var %	2H FY2023
Sales Revenue	**2,630.6**	2,770.5	(5%)	1,196.9
Reported EBIT	**91.7**	202.9	(55%)	29.7
Underlying EBIT	**141.7**	165.5	(14%)	79.7
NOA (pre tax)	**998.4**	1,170.3	(15%)	998.4
Underlying EBIT ROIC	**12.4%**	14.2%	-1.8%	12.4%
Despatches	**1,432.4**	1,435.2	(0%)	677.9

Chart 2: FY2023 Segment geographic sales revenue, $M[1]



1. Chart does not include India, which is equity accounted.

Table 9: India performance

$M	FY2023	FY2022	Var %	2H FY2023
Tata BlueScope Steel (100% basis)				
Sales Revenue	**623.8**	547.8	14%	357.0
Underlying EBIT	**49.0**	72.8	(33%)	21.7
Underlying NPAT	**40.4**	58.0	(30%)	17.9
Despatches	**326.0**	255.5	28%	193.9
BlueScope share (50% basis)				
Underlying equity accounted profit	**20.5**	29.3	(30%)	9.1

Sales and operations

South East Asia

FY2023 sales volumes across the South East Asian business decreased by 16% on FY2022 levels, driven by lower channel demand as customers sought to reduce inventory holdings on declining steel prices.

Despite recovering construction activity, demand in the project segment slowed down as some projects were delayed due to labour shortages and tightened credit control from financiers.

Retail segment demand slowed as customers looked to manage inventory in the downward price cycle. The business continues to focus on the project segment and Authorised Dealer network, with a growing focus on high value product offer in both segments.

Margin and productivity improvement programs continue to deliver incremental benefits, and the business is now balancing robust cost and pricing disciplines to address the high inflationary environment and investment in future growth.

China

The Chinese economy saw some slight improvement in activity early in FY2023, mainly driven by the infrastructure and automotive sectors. However, ongoing pandemic-related restrictions impacted the attempts to stimulate the property market and household spending, which remained subdued throughout the remainder of the financial year.

BlueScope China delivered record annual underlying EBIT in FY2023, mainly driven by a 13% increase in despatch volumes compared to FY2022. Notwithstanding broader pandemic impacts to the economy, BlueScope China sales were supported by the continuation of the business's strategy in targeting premium high-growth segments including automotive, advanced manufacturing, chemicals and electronics. Pre-engineered buildings demand was particularly strong in the growing electric vehicle manufacturing segment.

Sales volumes of coated products increased marginally in FY2023 on the prior year, supported by robust demand both from external customers and the Buildings and Components businesses. The ongoing successful promotion of Next Generation ZINCALUME® steel continues to position the business as a premium supplier of coated steel.

India (in joint venture with Tata Steel (50/50) for all operations)

Despatch volumes from the Jamshedpur facility of Tata BlueScope for FY2023 were stable on FY2022 levels, with demand supported by ongoing end-use segment demand and the withdrawal of the Government's 15% export duty in November 2022. While volume was stable, margins softened in FY2023 compared to FY2022.

In April 2023, Tata BlueScope signed a supply agreement with Tata Steel for the supply of coated and painted product from Tata Steel's plants located at Angul and Khopoli, which were part of the former Bhushan Steel group. Supply of seeding tonnes started in May 2022, with 68kt of products supplied from these facilities in FY2023.

This supply agreement provides an exciting growth opportunity for Tata BlueScopeSteel, which has been operating at full capacity utilisation for the last few years. With a total capacity of 350kt, this additional capacity comes without the capital requirement of new metal coating and paint lines, with volumes supplied under the agreement expected to progressively increase over the coming 36 months.

New Zealand & Pacific Islands

The New Zealand & Pacific Islands (NZPI) business comprises the Waikato North Head mine, New Zealand Steel, Pacific Steel and the Pacific Islands businesses.

As the only steel producer in New Zealand, New Zealand Steel uses locally sourced iron sand to manufacture up to approximately 650,000 tonnes each year of steel slab and billet at the Glenbrook Steelworks, south of Auckland. NZPI produces a range of flat and long steel products for domestic and export use, and supplies all major industries including construction, manufacturing, infrastructure, packaging and agriculture.

NZPI employs around 1,500 people and includes Pacific Steel New Zealand (rolling mill and wire drawing facilities), and the Pacific Islands business, with facilities in Fiji, New Caledonia and Vanuatu which manufacture and distribute the LYSAGHT® range of products and long steel products through Pacific Steel Fiji.

Financial Performance – FY2023 vs. FY2022

Sales revenue

The $162.6M decrease in sales revenue was primarily due to lower domestic despatch volumes, partially offset by higher domestic prices.

EBIT performance

The $100.0M decrease in underlying EBIT primarily reflects lower despatch volumes, combined with marginally weaker spreads. Weaker spreads largely resulted from higher thermal coal costs, which more than offset higher domestic prices.

Return on invested capital

ROIC decreased to 18.0% driven by lower EBIT and higher net operating assets. Net operating assets at 30 June 2023 were $289.9M higher than at 30 June 2022, mainly on higher fixed assets, higher inventories, lower provisions and lower payables.

Key Financial and Operational Measures

Table 10: NZPI financial performance

$M	FY2023	FY2022	Var %	2H FY2023
Sales Revenue	**962.6**	1,125.2	(14%)	500.9
Reported EBIT	**128.6**	265.4	(52%)	42.9
Underlying EBIT	**128.6**	228.6	(44%)	42.9
NOA (pre tax)	**820.8**	530.9	55%	820.8
Underlying EBIT ROIC	**18.0%**	54.7%	-36.7%	18.0%

Table 11: NZPI steel sales volume

000 tonnes	FY2023	FY2022	Var %	2H FY2023
Domestic flats	**214.4**	275.0	(22%)	106.4
Domestic longs	**163.4**	220.7	(26%)	86.1
Domestic	**377.8**	**495.7**	**(24%)**	**192.5**
Export flats	**83.4**	89.7	(7%)	57.3
Export longs	**16.0**	1.3	12.3x	10.8
Export	**99.4**	**91.0**	**9%**	**68.1**

Sales and operations

Domestic sales

While activity levels remained robust, despatch volumes were lower in FY2023 compared to FY2022, as distribution customers reduced inventories in a falling price environment, and following the arrival of delayed imports. Poor weather early in the financial year also impacted despatches.

Despite the growth trend tapering off throughout the year on rising interest rates, the number of new residential dwelling consents remained at elevated levels during the period but declined in the second half of FY2023, to end the year 9% down from FY2022. In terms of product demand:

- Demand for metal coated and COLORSTEEL® products declined compared to FY2022 as customer inventory levels rebalanced and significant weather events slowed residential roofing activity. However, FY2023 commercial construction levels remained strong.
- Demand for AXXIS® steel for light gauge residential steel framing into new builds remained robust in the first half of FY2023 with a decline in the second half, due to a softening in residential new builds, especially for project home builders.
- Demand for heavy plate products remained strong on the back of robust infrastructure demand.

The dual head coater upgrade on the Glenbrook paint line was commissioned during FY2023, which has increased paint line capacity and flexibility to meet growing domestic demand for premium painted products.

Sales of domestic long products in FY2023 decreased 26% on FY2022 levels largely on the back of the weather-related impacts to construction activity early in the financial year. Demand continues to be predominantly driven by the infrastructure sector, underpinned by a mix of 'shovel-ready' projects, and the 'NZ Upgrade' program driven by the New Zealand Government.

Export sales

Export volumes of flat products in FY2023 were marginally lower (6.3kt) than FY2022, while volumes of export long products were up from 1.3kt in FY2022 to 16.0kt in FY2023, on the back of lower domestic demand.

Vanadium

Sales of Vanadium slag by-products have been an ongoing cost-offset for the business for a number of years. The business also buys in both ferro and nitrided vanadium as inputs into the steelmaking process, mainly for rebar strengthening purposes, which has the effect of dampening any price related increase in the vanadium slag contribution. The FY2023 net vanadium contribution was approximately $4.5M lower than FY2022, primarily due to softer global index pricing.

Outlook, Future Prospects and Risks

1H FY2024 Outlook

Group outlook:

- Underlying EBIT in 1H FY2024 is expected to be in the range of $700M to $770M.
- For the purposes of the outlook, the Company has made the following 1H FY2024 average assumptions:
  - US mini-mill benchmark spreads to be ~US$50/t lower than 2H FY2023[1].
  - East Asian HRC price of ~US$550/t[2].
  - 62% Fe iron ore price of ~US$100/t CFR China[2].
  - Index hard coking coal price of ~US$210/t FOB Australia[2].
  - A$:US$ at US$0.68[2].
- Relative to 1H FY2024, expect lower underlying net finance costs, similar underlying tax rate and lower profit attributable to non-controlling interests.

Expectations for the performance of our operating segments in 1H FY2024 relative to 2H FY2023 are as follows:

- Australia:
  - Expect a similar result to 2H FY2023.
  - Expect stronger benchmark spreads, in part offset by weaker realised export prices and unfavourable impact of raw materials mix.
  - Expect similar domestic volumes and higher costs driven by escalation, timing of maintenance and project spend.
- North America:
  - Expect a result slightly below 2H FY2023.
  - For North Star, expect a result approaching that of 2H FY2023. Lower benchmark spreads are expected to be largely offset by favourable realised pricing[3]. An increasing contribution is expected from expansion volumes as the ramp up continues.
  - For Buildings and Coated Products North America, expect a result around three quarters of 2H FY2023, with margins easing after a period of particular strength. This includes the sale of a BPG project during the half.
- Asia:
  - Expect a slightly better result than 2H FY2023.
  - China is expected to benefit from favourable seasonality.
  - South East Asia is expected to deliver a slightly weaker result following a strong 2H FY2023 performance in Thailand.
  - India is expected to deliver a slightly lower result than 2H FY2023.
- New Zealand and Pacific Islands:
  - Expect a similar result to 2H FY2023.
  - Expect similar domestic volumes.
- Intersegment, Corporate & Group:
  - Expect a more favourable performance compared to 2H FY2023 mainly driven by profit in stock benefit.

1. US mini-mill benchmark spreads quoted on a lagged basis in metric tonnes. Expected 1H FY2024 US mini-mill benchmark spread of ~US$415/t, compared to US$465/t in 2H FY2023.
2. Quoted on an unlagged basis for the six-month period; volumes quoted in metric tonnes.
3. Benchmark prices may not be representative of realised mill prices due to a range of factors. Movements in prices across the majority of sales correlate with Midwest regional benchmark pricing, on a short lag; a minority of sales are priced on a longer term basis. Accordingly the degree of correlation between realised and benchmark prices can vary in a given half but is more fully reflected over the medium term.

Future Prospects and Risks

There are a number of material risks that have the potential to impact BlueScope's ability to realise its business strategy and achieve its financial goals.

Economic risks

BlueScope operates in markets which are impacted by short term volatility, economic cycles and long term trends which can affect the Group's performance and financial outcomes both positively and negatively. Economic and market risk factors going forward include:

Economic Risks		Our Response
Economic downturn or weaker economic conditions.	A deep or prolonged economic downturn in developed economies, or significantly slower growth in emerging economies (especially China), could have a material adverse effect on the global steel industry reducing demand for the Group's products and financial prospects. Persistent inflation and high interest rates could dampen economic growth or lead to an overcorrection and recession.	BlueScope monitors and responds to these risks as required including through cost control, driving operational efficiencies, business diversification, maintaining adequate liquidity and keeping stakeholders informed through continuous disclosure.
A significant cyclical or permanent downturn in the industries to which the Group supplies its products.	The Group's financial prospects are sensitive to the level of activity in a number of industries, principally the building, construction and manufacturing industries. These industries are cyclical in nature, with the timing, extent and duration of these economic cycles unpredictable. Not all of the Group's cost base varies with production volumes and accordingly the Group may not readily be able to reduce its costs in response to an economic downturn. Therefore a significant, extended or permanent downturn could negatively affect the Group's financial prospects.	
Declines in the price of steel, or any significant and sustained increase in the price of raw materials in the absence of corresponding steel price increases.	The Group's financial outlook is closely tied to the long term price trends of international steel products and essential raw materials. In particular, fluctuations in the prices of key raw materials like iron ore, coking coal, pig iron, and scrap, can significantly impact the Group's financial prospects. If there is a substantial and sustained increase in the price of these raw materials, without a corresponding rise in steel prices, it will negatively affect the Group's financial performance. Conversely, a decline in steel prices without a proportional decrease in raw material prices will also have an adverse impact. Additionally, the short term financial performance of the Group is susceptible to rapid price fluctuations in both raw materials and steel products. This is particularly relevant for commodity products such as plate, hot rolled coil, cold rolled coil, and some metallic coated steel products.	BlueScope's exposure to commodity price risks are monitored and, where appropriate, action is taken in response through a range of risk management activities, including adjusting commercial contract terms, optimising delivery timeframes, and selective use of commodity price hedging where available. These exposures are communicated to stakeholders, including debt lenders and equity investors.
The Group is exposed to the effects of exchange rate fluctuations.	The Group's financial performance is sensitive to foreign exchange rate movements, in particular the Australian dollar relative to the US dollar. A stronger Australian dollar relative to the US dollar has adverse effects on the Group. This is because in Australia, a strong Australian dollar makes imported steel products less expensive to Australian customers, potentially resulting in more imports of steel products and/or lower domestic prices. These effects are offset in part by a significant volume of raw material purchases being denominated in US dollars. In addition, BlueScope has significant earnings generated by its international businesses, in particular in the US, which must be translated into Australian dollars for financial reporting purposes.	BlueScope's foreign exchange exposures are communicated to key stakeholders, including debt lenders and equity investors. Short term hedging may be used on a limited basis to manage earnings volatility where there is heighted importance of certainty in earnings outcomes.
Competition from other materials and from other steel producers could significantly reduce prices and demand for the Group's products.	BlueScope's products compete with other materials such as aluminium, concrete, composites, plastic and wood in various end use applications. Improvements in the technology, production, pricing, embodied carbon or acceptance of these competitive materials relative to steel could adversely impact BlueScope's sales volumes and/or prices. BlueScope competes with local and international steel suppliers. This global competition means that changes to trade measures (such as tariffs, anti-dumping duties or changes to local content requirements) anywhere in the world could directly or indirectly have an adverse impact on the volumes and/or prices of the Group's sales.	BlueScope monitors and responds to this risk as required including through product development, focusing on customer experience, business diversification, reducing the carbon intensity of products, and competitive pricing. In addition, BlueScope actively engages with governments and regulators on trade policies to manage this risk.

Climate Change Risks

BlueScope is also exposed to risks associated with positioning the business for a low carbon world, these include:

Climate Change risks		Our Response
Reputational impacts if not demonstrating progress against public commitments.	BlueScope has made commitments to both near term emission intensity targets and set a goal of net zero by 2050[1]. Failure to achieve and transparently communicate sufficient progress may negatively impact its ability to recruit and retain employees, erode trust of customers, regulators, governments, investors and the communities in which BlueScope operates.	BlueScope's decarbonisation pathway is detailed in the 2021 Climate Action Report, progress against this pathway is outlined in the annual Sustainability Report. In FY2023 BlueScope continued to make progress against its 2030 climate targets through an array of projects. Steelmaking emissions intensity is tracking ahead of target with a total 8.3 per cent reduction since FY2018.
Susceptibility of operations and supply chains to more extreme weather events and climate-related hazards.	BlueScope is exposed to long term implications of climate change, such as increased frequency and intensity of natural hazards, which can disrupt its operations and supply chains.	BlueScope uses scenario analysis to model the effects of climate change including the physical effects of natural hazards on its operations to inform its response plans. BlueScope's Climate Action Report and annual Sustainability Data Supplement provides further information including disclosures against the Task Force for Climate Related Financial Disclosure (TCFD) framework.
Access to capital (debt or equity) and insurance becomes more restricted or expensive.	Concern over climate-related risks may result in higher cost of capital or insurance premiums for BlueScope's business and its suppliers of energy and raw materials, impacting the Group's ability to execute on its strategy.	BlueScope actively engages with capital and insurance markets to understand and respond to how climate change is impacting these markets in the longer term.
Government regulation of GHG emissions without sufficient measures to maintain competitiveness.	Policy environments in key operating regions may not adequately support the transition to low emission iron- and steelmaking technology. Climate change and energy policies may increase BlueScope's cost base compared to steel imports from countries with less regulation.	In Australia, constructive engagement with the Federal Government achieved key modifications to the Safeguard Mechanism (SGM) that have materially alleviated BlueScope's concerns regarding potential adverse impacts. However, ongoing close engagement with government will be required to manage residual political and regulatory risks. A forthcoming review will examine whether to apply a carbon border adjustment mechanism to imported steel products and the Company will participate in the government consultations on this review. In New Zealand, BlueScope has announced an accelerated feasibility study to build a new EAF at its New Zealand Steel works at Glenbrook, south of Auckland for around NZ$300 million. The EAF, targeted to be operational by 2026, will be co-funded by the New Zealand Government to produce lower emissions steel.
Challenges to develop and deploy low emission iron- and steelmaking and manufacturing technologies.	The pace of evolution of low emissions iron- and steelmaking technology may not align with key capital decision milestones. Limitations in infrastructure, supply chains or energy costs may impact the ability for breakthrough low emissions steel to be practically and commercially adopted in Australia and New Zealand.	In Australia, BlueScope has made significant progress in its collaboration agreement with Rio Tinto, completing a concept study into DRI Melter technology. Building on this, we have broadened our review of most likely decarbonisation project options for ironmaking in Australia, including a focus on the necessary enablers, and expanded our technology collaborations with global steelmakers, such as thyssenkrupp, Tata Steel, and POSCO. In May 2023, the Company announced an accelerated feasibility study to build a new electric arc furnace (EAF) at the New Zealand Steel's Glenbrook works. With a target of being operational by 2026, this NZ$300 million project will be co-funded by the New Zealand Government and will reduce the business's Scope 1 and 2 GHG emissions by at least 45 per cent.
Impact to availability of local or commercially suitable raw material supplies or energy due to climate change transition risks.	Changes to climate and energy policies or licence conditions may restrict operating licences or increase the cost base of raw material suppliers or restrict their access to capital or insurance.	BlueScope monitors the exposure of our suppliers and works to maintain the capacity and relationships for alternate supply options if required.

Climate Change risks		Our Response
Regulatory and litigation risk.	An increase in the number of claims brought against companies with respect to climate change matters. This litigation may include third-party challenges to project approvals, enforcement of corporate/statutory duties, and/or common law claims.	BlueScope is closely monitoring this risk in the jurisdictions in which we operate and taking proactive steps to manage it. Fundamentally, this means having a considered strategy to decarbonise our operations, taking concrete steps to execute this strategy – with demonstrable results – and ensuring that we have the necessary resources and governance structures in place. We also carefully consider our public commitments and statements regarding our decarbonisation efforts and results, to ensure that these are achievable, accurate and supported by evidence, in order to mitigate the risk of 'greenwashing' claims.

1. Our net zero goal covers BlueScope's scope 1 and 2 GHG emissions. Achieving our 2050 net zero goal is dependent on several enablers, as outlined in the annual Sustainability Report.

Our performance is reported annually in our Sustainability Report.

Other Risks

The Group has an integrated risk management framework and internal control systems which identify and manage risk across seven broad categories:

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

BlueScope's systems are designed to ensure the Group understands its appetite for risk across each of these broad categories, monitors tolerance metrics, identifies current and emerging risks, and implements internal controls and mitigating actions. More information can be found on our website.

The nature and potential impact of risks are by their nature uncertain and change over time. In addition to the economic variables and climate change risks, BlueScope is also exposed to, and actively manages, a range of other risks that have the potential to materially impact the achievement of the Group's strategies and future prospects.

Category	Material risk
Markets & Products	
Customer Experience	• Not meeting the expected level of customer service and experience.
Brands & Products	• Failure to protect and innovate BlueScope's premium brands and products.
Product Quality	• Poor product performance resulting in customer dissatisfaction and warranty claims.
Health, Safety, Environment & Communities	
Safety & Health	• Failing to protect the safety, health and wellbeing of BlueScope's people, including the physical and non-physical impacts of BlueScope's operations on the health of the people who work in its supply chains.
Environment	• Not optimising its use of resources or minimising the impact of its operations on the local environment and the communities in which BlueScope operates.
Communities	• Not maintaining its local licence to operate, by not participating in the communities that support BlueScope's businesses or respecting local values.
Ethical Conduct & Compliance	
Laws and Regulation	• Not complying with laws and regulations in each of the jurisdictions in which BlueScope operates. • Potential legal claims.
Social Impact and Human Rights	• Not meeting its compliance obligations and community expectations on ethical conduct. Includes modern slavery, payroll compliance, employment practices, wage theft, human rights and tax structuring.
People & Remuneration	
Culture	• Failing to maintain a culture that aligns with Our Purpose and Our Bond, and Code of Conduct.
Capability, Talent & Succession	• An inability to recruit and retain the leadership, management and technical skills required to develop and deliver strategic plans and manage risk (particularly the engineering skills required for large capital projects and technology capabilities to maintain BlueScope's technology currency).

Category	Material risk
Operations	
Production and Costs	• Failing to ensure the asset portfolio is efficiently utilised, including leveraging digital transformation to optimise outcomes. • Not maintaining a competitive cost base and security of supply for key inputs including labour, energy, consumables and services. • Not having the capacity to mitigate a major operational failure or disruption to BlueScope's manufacturing facilities or supply chain.
Technology	
Cyber Security	• Failing to prevent cyber-attacks that disrupt BlueScope's operations or lead to the loss of Personally Identifiable Information (PII) or commercially sensitive information.
Systems, data and information	• Failing to implement and maintain technology and leverage digital transformation to achieve BlueScope's strategic business objectives.
Financial	
Business unit cashflow and earnings	• Failing to deliver acceptable levels of ROIC and cashflow. • Significant asset write-downs, particularly if market conditions deteriorate for an extended period of time.
Financial strength	• Failing to maintain funding capacity to manage volatility through the cycle including capacity to execute M&A in troughs in the cycle. • Exposure to bad and doubtful debts during an economic downturn.

Emerging Risks & Trends

The Group also monitors emerging trends. While they are considered not to pose an immediate material threat to BlueScope, they have the potential to rapidly disrupt or slowly evolve in such a way that they could significantly impact the achievement of its strategic objectives in the future. Examples include:

Category	Emerging Risks
Geopolitical tensions	• Geopolitical tensions which could disrupt normal business operations, logistics or supply chains in the regions in which the Group operates.
Emerging technologies and automation	• Emerging technologies like generative AI, robotics, and advanced analytics are evolving rapidly, bringing about significant and sometimes unpredictable implications for society. From a business perspective, these technologies are disruptive and may advantage competitors if successfully adopted by them. They also offer immense opportunities for BlueScope while also introducing novel risks.

This document sets out information on the business strategies and prospects for future financial years and refers to likely developments in BlueScope's operations and the expected results of those operations in future financial years. This information is provided to enable shareholders to make an informed assessment about the business strategies and prospects of BlueScope for future financial years. Detail that could give rise to likely unreasonable prejudice to BlueScope, for example, public disclosure of information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included.

Detailed Explanatory Tables

(A) Detailed Income Statement

The Group comprises five reportable operating segments: Australian Steel Products; North Star BlueScope Steel; Buildings and Coated Products North America; Coated Products Asia and New Zealand & Pacific Islands.

Table 12: Detailed income Statement

	Revenue		Reported Result[1]		Underlying Result[2]	
$M	**FY2023**	**FY2022**	**FY2023**	**FY2022**	**FY2023**	**FY2022**
Sales revenue/EBIT[3]						
Australian Steel Products	**7,930.2**	8,228.7	**492.1**	1,298.0	**537.1**	1,298.0
North Star BlueScope Steel	**3,479.6**	4,494.5	**433.0**	1,887.5	**443.0**	1,900.1
Buildings and Coated Products North America	**3,640.8**	2,980.1	**503.1**	348.4	**527.0**	351.3
Coated Products Asia	**2,630.6**	2,770.5	**91.7**	202.9	**141.7**	165.5
New Zealand and Pacific Islands	**962.6**	1,125.2	**128.6**	265.4	**128.6**	228.6
Discontinued operations	**0.0**	0.0	**8.5**	3.0	**0.0**	0.0
Segment revenue/EBIT[3]	**18,643.8**	**19,599.0**	**1,657.0**	**4,005.2**	**1,777.4**	**3,943.5**
Inter-segment eliminations	**(469.6)**	(608.1)	**16.2**	3.7	**16.2**	3.7
Segment external revenue/EBIT	**18,174.2**	**18,990.9**	**1,673.2**	**4,008.9**	**1,793.6**	**3,947.2**
Other revenue/(net unallocated expenses)	**68.3**	39.0	**(185.9)**	(160.0)	**(185.9)**	(160.0)
Total revenue/EBIT[3]	**18,242.5**	**19,029.9**	**1,487.3**	**3,848.9**	**1,607.7**	**3,787.2**
Borrowing costs			**(72.4)**	(72.4)	**(70.5)**	(71.3)
Interest Revenue			**35.6**	13.3	**35.6**	13.3
Profit/(loss) from ordinary activities before income tax			**1,450.5**	**3,789.8**	**1,572.8**	**3,729.2**
Income tax (expense)/benefit			**(352.0)**	(806.7)	**(359.6)**	(874.0)
Profit/(loss) from ordinary activities after income tax expense			**1,098.5**	**2,983.1**	**1,213.2**	**2,855.2**
Net (profit)/loss attributable to outside equity interest			**(89.3)**	(172.9)	**(114.4)**	(154.1)
Net profit/(loss) attributable to equity holders of BlueScope Steel			**1,009.2**	**2,810.1**	**1,098.8**	**2,701.1**
Basic Earnings per share (cents)			**217.4**	571.5	**236.7**	549.4

1. The financial report has been prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board, which are compliant with International Financial Reporting Standards (IFRS). References to 'reported' financial information throughout this report are consistent with IFRS financial information disclosed in the financial report.
2. References to 'underlying' information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information, while not subject to audit or review, has been extracted from the financial report, which has been audited by our external auditors.
3. Performance of operating segments is based on EBIT which excludes the effects of interest and tax. The Company considers this a useful and appropriate segment performance measure because Group financing (including interest expense and interest income) and income taxes are managed on a Group basis and are not allocated to operating segments.

(B) Reconciliation of Underlying Earnings to Reported Earnings

The Company has provided an analysis of unusual items included in the reported IFRS financial information. These items have been considered in relation to their size and nature, and have been adjusted from the reported information to assist readers to better understand the financial performance of the underlying operating business. Throughout this report the Group has used the term 'reported' to reference IFRS financial information and 'underlying' to reference non-IFRS financial information. These adjustments are assessed on a consistent basis from period to period and include both favourable and unfavourable items. Non-IFRS financial information while not subject to audit or review has been extracted from the financial report which has been audited by BlueScope's external auditors. An explanation of each adjustment and reconciliation to the reported IFRS financial information is provided in the table below.

Table 13: Reconciliation of Underlying Earnings to Reported Earnings

	EBITDA $M		EBIT $M		NPAT $M		EPS $[1]	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022
Reported Earnings	**2,145.7**	**4,398.3**	**1,487.3**	**3,848.9**	**1,009.2**	**2,810.1**	**2.17**	**5.72**
Underlying adjustments:								
Net (gains) / losses from businesses discontinued[2]	**(8.5)**	(3.0)	**(8.5)**	(3.0)	**(5.7)**	(1.9)	**(0.01)**	(0.00)
Impairment expense / (write-backs)[3]	**50.0**	(37.3)	**50.0**	(37.3)	**25.0**	(11.5)	**0.05**	(0.02)
Business development and acquisition costs[4]	**30.4**	24.4	**30.4**	24.4	**24.0**	19.0	**0.05**	0.04
Operating disruptions[5]	**3.4**	-	**3.4**	-	**2.7**	-	**0.01**	-
Pension fund adjustment[6]	**-**	(40.6)	**-**	(40.6)	**-**	(30.0)	**-**	(0.06)
Gain on lease termination[7]	**-**	(5.1)	**-**	(5.1)	**-**	(3.2)	**-**	(0.01)
Legal provisions[8]	**45.0**	-	**45.0**	-	**42.0**	-	**0.09**	-
Tax asset impairment[9]	**-**	-	**-**	-	**1.6**	(81.5)	**0.00**	(0.17)
Underlying Operational Earnings	**2,266.0**	**4,336.7**	**1,607.7**	**3,787.3**	**1,098.8**	**2,701.0**	**2.37**	**5.49**

1. EPS is based on the average number of shares on issue during the respective reporting periods of 464.2M in FY2023 and 491.7M in FY2022.
2. FY2023 reflects royalty revaluation gain ($5.9M pre-tax) relating to the previously sold Taharoa iron sands operations, warranty provision write-back relating to the previously sold Australian water tank business ($2.3M pre-tax), and gains ($0.3M pre-tax) from other discontinued operations. FY2022 reflects gains from Taharoa ($4.9M pre-tax) offset by foreign exchange translation losses from the closed Lysaght Taiwan business ($1.5M pre-tax) and losses ($0.3M pre-tax) from other discontinued operations.
3. FY2023 reflects the impairment of the property, plant and equipment of Building Products Malaysia ($50.0M pre-tax). FY2022 reflects the write-back of previously impaired plant and equipment at Building Products Thailand due to improved earnings and increased confidence that the cash flows necessary to support the uplifted asset values are sustainable ($46.0M pre-tax) partly offset by impairment and other costs related to the planned closure of the Lysaght Myanmar site ($8.7M pre-tax).
4. FY2023 reflects costs associated with the acquisition and integration of the US coil coatings business ($20.4M pre-tax) and the US ferrous scrap steel recycling businesses ($7.4M pre-tax), and pre-commissioning costs associated with the expansion project at North Star ($2.7M pre-tax). FY2022 reflects North Star pre-commissioning costs ($8.9M pre-tax), coil coatings acquisition costs ($11.8M pre-tax) and scrap steel recycling business acquisition costs ($3.7M pre-tax).
5. FY2023 reflects costs relating to storm damage at US coil coatings business Rancho Cucamonga site ($3.4M pre-tax).
6. FY2022 reflects a net settlement gain recognised relating to the defined benefit pension fund in New Zealand ($36.8M pre-tax) following the acceptance of a lump sum payment by some pensioner and employee members and a true-up adjustment received relating to the wind up of the defined benefit pension fund in North America ($3.8M pre-tax).
7. FY2022 reflects a gain received on termination of a building lease at Buildings and Coated Products North America ($5.1M pre-tax).
8. FY2023 reflects provision raised for an estimate of penalty and legal costs associated with the ongoing ACCC civil cartel proceedings against BlueScope
9. FY2023 reflects write back of previously impaired deferred tax assets in New Zealand ($1.6M). FY2022 reflects the write-back of previously impaired deferred tax assets, including the full recognition of previously unbooked carried forward tax losses, in New Zealand ($81.5M).

Table 14: Segmental underlying EBIT adjustments

FY2023 EBIT Underlying Adjustments $M	ASP	North Star	CP Asia	BCPNA	NZPac	Corp	Discon Ops	PISE	Total
Net (gains) / losses from businesses discontinued	-	-	-	-	-	-	(8.5)	-	**(8.5)**
Asset impairments	-	-	50.0	-	-	-	-	-	**50.0**
Business development and acquisition costs	-	10.0	-	20.4	-	-	-	-	**30.4**
Legal provisions	45.0	-	-	-	-	-	-	-	**45.0**
Operating disruptions	-	-	-	3.4	-	-	-	-	**3.4**
Underlying Adjustments	**45.0**	**10.0**	**50.0**	**23.8**	**-**	**-**	**(8.5)**	**-**	**120.4**

(C) Cash Flow Statement

Table 15: Consolidated cash flow statement

$M	FY2023	FY2022	Variance %
Reported EBITDA	**2,145.7**	**4,398.3**	**(51%)**
Adjust for non cash items			
- Share of profits from associates and joint venture partnership not received as dividends	**(1.9)**	(29.5)	94%
- Expensing of share-based employee benefits	**23.4**	20.6	14%
- Impairment of Assets	**49.7**	(38.6)	229%
- Net (gain) loss on sale of assets & investments	**9.3**	(4.2)	324%
Cash EBITDA	**2,226.2**	**4,346.6**	**(49%)**
Changes in working capital	**394.5**	(1,399.2)	128%
Gross operating cash flow	**2,620.7**	**2,947.4**	**(11%)**
Finance costs	**(73.3)**	(70.4)	(4%)
Interest received	**34.9**	12.9	171%
Tax paid	**(431.5)**	(417.9)	(3%)
Net cash from operating activities	**2,150.9**	**2,472.0**	**(13%)**
Capex: payments for P,P&E and intangibles	**(808.7)**	(763.7)	(6%)
Other investing cash flows	**(170.4)**	(996.1)	83%
Cash from operating and investing (post-tax)	**1,171.8**	**712.2**	**65%**
Equity Issues	**(284.9)**	(638.1)	55%
Dividends to BSL shareholders	**(233.1)**	(344.0)	32%
Dividends to OEI[1]	**(203.1)**	(69.1)	(194%)
Net drawing / (repayment) of borrowings	**(527.7)**	100.6	(625%)
Repayment of leases	**(111.9)**	(104.7)	(7%)
Other	**0.0**	3.7	(100%)
Net Increase / (decrease) in cash held	**(188.9)**	**(339.4)**	**44%**

1. These dividend payments primarily relate to dividend payments to Nippon Steel Corporation (NSC) in respect of the NS BlueScope Coated Products joint venture.

Section

02.

Directors' Report

Board Composition and Meetings

Board Composition

The following persons were Directors of the Company during the whole of the financial year and up to the date of this Directors' Report, except as otherwise stated:

- John Andrew Bevan (Chairman)
- Mark Royce Vassella (Managing Director and Chief Executive Officer)
- Ewen Graham Wolseley Crouch AM
- Rebecca Patricia Dee-Bradbury
- Jennifer Margaret Lambert
- Kathleen Marie Conlon
- K'Lynne Johnson
- ZhiQiang Zhang
- Peter Christian Alexander (appointed 30 September 2022)
- Jane Frances McAloon (appointed 30 September 2022)

Particulars of the skills, experience, expertise and special responsibilities of the Directors in office at the date of this report are set out below.

Directors' Biographies

John Bevan[1]

Chairman (Independent)
Age 66, BCom (Mkt)
Director since: March 2014

Directorships of other Australian listed entities in the past three years: Non-executive director of Ansell Limited (August 2012 to date), Alumina Limited (from January 2018 to date).

Mr Bevan was CEO and a director of Alumina Limited from 2008 to 2014 and was appointed a non-executive director in 2018. Mr Bevan is the Chairman of Ansell Limited and is a non-executive director of Balmoral Iron Pty Ltd.

Mr Bevan spent 29 years in a variety of senior management roles with BOC Group, including as a director on The BOC Group plc board, Chief Executive Process Gas Solutions with responsibility for the bulk and tonnage business for the entire BOC Group, Chief Executive Asia and country lead roles in the United Kingdom, Thailand and Korea.

Mr Bevan brings to the Board extensive experience in international business and heavy industrial operations.

Mr Bevan is Chair of the Nomination Committee and is a member of the Remuneration and Organisation Committee and the Health, Safety, Environment and Community Committee.

Mark Vassella

Managing Director & Chief Executive Officer
Age 60, BCom, MBA
Director since: January 2018

Directorships of other Australian listed entities in the past three years: Nil.

Mark Vassella was appointed Managing Director and Chief Executive Officer of BlueScope in January 2018.

He joined the Company following BlueScope's 2007 acquisition of Smorgon Steel Distribution where he was the Chief Executive. He was appointed Chief Executive Australian Distribution and Solutions before moving to the US as President, BlueScope Steel North America in 2008. He returned to Australia in 2011 to take up the role of Chief Executive BlueScope Australia and New Zealand.

Mr Vassella is on the Executive Board of Directors at World Steel Association (worldsteel) and holds the office of Treasurer. He is a past Board member, President and Treasurer of the Family Life charitable organisation.

Mr Vassella is a member of the Health, Safety, Environment and Community Committee.

1. On 18 August 2023, it was announced that John Bevan will retire as Chair and Non-executive Director of the Company and that Jane McAloon has been elected Chair, effective from the conclusion of the 2023 AGM.

Ewen Crouch AM

Non-executive Director (Independent)
Age 67, BEc (Hons) LLB, FAICD
Director since: March 2013

Directorships of other Australian listed entities in the past three years: Non-executive director of Corporate Travel Management Limited (March 2019 to date), AnteoTech Ltd (April 2022 to date).

Mr Crouch is Chairman of RSL LifeCare Ltd and is a director and Chairman of both Corporate Travel Management Limited and AnteoTech Ltd. He is a Fellow of the Australian Institute of Company Directors and a board member of Jawun. Mr Crouch was a Partner at Allens from 1998 to 2013 where his roles included Chairman of Partners, Co-Head Mergers and Acquisitions and Equity Capital Markets, Executive Partner – Asian Offices and Deputy Managing Partner, as well as 11 years' service on its board. He served as a director of Mission Australia between 1995 and 2016, including seven years as its Chairman.

Mr Crouch served as a non-executive director of Westpac Banking Corporation from 2013 to 2019. He was a member of the Takeovers Panel from 2010 to 2015, a member of the Commonwealth Remuneration Tribunal from 2015 to 2019 and a director of the Sydney Symphony Orchestra from 2009-2020.

Mr Crouch brings to the Board the breadth of his experience in service industries, financial markets, governance and risk management together with his knowledge of strategic mergers, acquisitions and capital markets transactions.

Mr Crouch is Chair of the Risk and Sustainability Committee and is a member of the Audit Committee, the Health, Safety, Environment and Community Committee and the Nomination Committee.

Rebecca Dee-Bradbury

Non-executive Director (Independent)
Age 55, BBus (Mkt), GAICD
Director since: April 2014

Directorships of other Australian listed entities in the past three years: Non-executive director of Energy Australia Holdings Ltd (April 2017 to date), Australian Foundation Investment Company Ltd (May 2019 to date).

Ms Dee-Bradbury is a director of Energy Australia Holdings Ltd and Australian Foundation Investment Company Ltd and a former director of GrainCorp Limited and Tower Limited (NZ). She is also a member of Chief Executive Women and of the WomenCorporateDirectors Foundation, and a former member of the Federal Government's Asian Century Strategic Advisory Board and the Business Advisory Board at the Monash Business School.

Ms Dee-Bradbury was Chief Executive Officer/President Developed Markets Asia Pacific and ANZ for Kraft/Cadbury from 2010 to 2014, leading the business through significant transformational change. Before joining Kraft/Cadbury Ms Dee-Bradbury was Group CEO of the global Barbeques Galore group, and has held other senior executive roles in organisations including Maxxium, Burger King Corporation and Lion Nathan/Pepsi Cola Bottlers.

Ms Dee-Bradbury brings to the Board significant experience in strategic brand marketing, customer relationship management, digitisation and innovation.

Ms Dee-Bradbury is Chair of the Remuneration and Organisation Committee and is a member of the Health, Safety, Environment and Community Committee and the Nomination Committee.

Jennifer Lambert

Non-executive Director (Independent)
Age 56, BBus, MEc, CA, FAICD
Director since: September 2017

Directorships of other Australian listed entities in the past three years: NEXTDC Limited (October 2019 to date), REA Group Limited (December 2020 to date).

Ms Lambert is a non-executive director and Chair of the Audit and Risk Committee for each of NEXTDC Limited, REA Group Limited and Investa Property Group. Ms Lambert is also on the Council of the Sydney Church of England Grammar School (Shore) and is Chairman of the Mosman Church of England Preparatory School. She is a Fellow of the Australian Institute of Company Directors and a member of its Reporting Committee.

Ms Lambert has extensive business and leadership experience at the senior executive and board level. Ms Lambert was Group Chief Financial Officer of 151 Property (previously known as Valad Property Group) from 2003 to 2016 and prior to this, a director at PricewaterhouseCoopers in transaction services. Ms Lambert was previously on the boards of Mission Australia and Place Management NSW.

Ms Lambert brings more than 30 years of financial management and accounting experience, along with over 15 years specialising in the property industry and 15 years of experience as a director of for purpose entities.

Ms Lambert is Chair of the Audit Committee and is a member of the Risk and Sustainability Committee, the Health, Safety, Environment and Community Committee and the Nomination Committee.

Kathleen Conlon

Non-executive Director (Independent)
Age 59, BA (Econ)(DIST), MBA, FAICD
Director since: February 2020

Directorships of other Australian listed entities in the past three years: REA Group Limited (June 2007 to November 2021), Aristocrat Leisure Limited (February 2014 to date), Lynas Rare Earths Limited (November 2011 to date).

Ms Conlon is Chairman of Lynas Rare Earths Limited, a non-executive director of Aristocrat Leisure Limited and a former non-executive director of CSR Limited, REA Group Limited and the Benevolent Society. Ms Conlon also Chairs the Corporate Governance Committee of the Australian Institute of Company Directors (AICD) and is a member of Chief Executive Women. She is also a former President of the NSW Council and a former National Board member of the AICD.

Ms Conlon brings over 20 years of professional management consulting experience specialising in strategy and business improvement and has advised leading companies across a wide range of industries and countries. An American/Australian dual national, Ms Conlon joined the Chicago office of The Boston Consulting Group (BCG) in 1985, before transferring to the Sydney office in 1994. In her seven years as partner and director, Ms Conlon led BCG's Asia Pacific operations practice and the Sydney Office. She was awarded a Commonwealth Centenary Medal for Services to Business Leadership in 2003.

Ms Conlon is a member of the Remuneration and Organisation Committee, the Audit Committee, the Health, Safety, Environment and Community Committee and the Nomination Committee.

K'Lynne Johnson

Non-executive Director (Independent)
Age 55, BSc(OrgPsych), MOrgBehav
Director since: January 2022

Directorships of other Australian listed entities in the past three years: Nil.

Ms Johnson is a non-executive director of US based companies JM Huber Corporation (2020 to present), Sylvatex Inc (2016 to present) and FMC Corporation (2013 to present) and is Chair of Trinseo SA (2017 to present), the latter two companies both listed on the NYSE.

Ms Johnson has had a global career with extensive knowledge of the US market and has spent significant time in Asia. Ms Johnson was an executive in the chemicals industry for over 28 years and has worked in early stage sustainability-driven ventures as well as in more mature businesses.

Ms Johnson is the former Chair of Elevance Renewable Sciences Inc (2015-2016) following eight years as President and founding CEO (2007-2015). Prior to joining Elevance, Ms Johnson spent over twenty years in the oil and petrochemical industry with Amoco Corporation (1992-1999) and BP Chemicals (1999-2004), joining BP after its merger with Amoco in 1998. During this time, Ms Johnson held both operational and functional roles, culminating in her role as Senior Vice President of Global Derivatives with BP's Innovene business (2004-2005) (which was sold to the Ineos group in 2005).

Ms Johnson brings to BlueScope extensive experience in the areas of technological led transformation, sustainability, renewables, human resources, customers and innovation. She also brings traditional high capital-intensive sector experience.

Ms Johnson is based in North America.

Ms Johnson is Chair of the Health, Safety, Environment and Community Committee and a member of the Remuneration and Organisation Committee and the Nomination Committee.

ZhiQiang Zhang

Non-executive Director (Independent)
Age 61, BEng(Elec), MBA, FAICD
Director since: January 2022

Directorships of other Australian listed entities in the past three years: Nil.

Mr Zhang is the Head of China for Fortescue Future Industries, the vice president of the Swiss Chamber of Commerce in Beijing and the Operating Partner of CITIC Capital. Mr Zhang has been an advisor to CLEC Co Ltd since 2022. Mr Zhang is a former non-executive director of the Swedish Chamber of Commerce in China (2016-2022). He is also a former non-executive director of Georg Fischer AG (2005-2021) and Datwyler Holding AG (2016-2021), companies listed on the Swiss Stock Exchange.

Mr Zhang has extensive business and leadership experience at the senior executive level including over 25 years at Siemens and Siemens Nokia Networks with his last role as President & Chief Executive Officer, Greater China Region (2005-2012). More recently, Mr Zhang was President of Asia Pacific Region and a member of the Group Executive Management team of Sandvik AB (2012-2018) and Group Senior Vice President & President of ABB China (2018-2021).

Mr Zhang has a background in blue-chip manufacturing and product development, including industrial digitisation, automation and robotics. Having worked in asset-heavy industrials for most of his career, Mr Zhang has deep sector knowledge in automotive, machine tools, steelmaking, foundry, telecommunications and infrastructure. He also brings to BlueScope a deep understanding of China and broader Asian markets and insight into areas of innovation and growth.

Mr Zhang is based in China.

Mr Zhang is a member of the Risk and Sustainability Committee, the Health, Safety, Environment and Community Committee and the Nomination Committee.

Peter Alexander

Non-executive Director (Independent)
Age 66, BA, MBA
Director since: September 2022

Directorships of other Australian listed entities in the past three years: Boral Limited (September 2018 to October 2021).

Mr Alexander is the Lead Director of Colony Hardware Corporation and is a former non-executive director of Boral Limited. Mr Alexander is an experienced former chief executive with more than 28 years of senior executive experience in US building materials and distribution, technology products and services. From 2010 until 2018, Mr Alexander was CEO of Building Materials Holding Corporation and then President and CEO of the merged NASDAQ listed group BMC Stock Holdings Inc (BMC), a building materials distributor and construction solutions provider. Prior to this, Mr Alexander was President and CEO of ORCO Construction Distribution from 2005 to 2009, the largest independent building materials distributor in the Western United States. He was managing partner of KinderOaks Business Services from 2002 to 2005. Mr Alexander previously served as President and CEO, or in other executive positions, for several other companies in the technology, retail, distribution and service industries, including GE Capital, ComputerLand/Vanstar, Premiere Global Services and Coast to Coast Hardware.

Mr Alexander brings to BlueScope extensive experience in the US and Australian building materials, retail, technology and telecommunications sectors.

Mr Alexander is based in North America.

Mr Alexander is a member of the Audit Committee, the Health, Safety, Environment and Community Committee and the Nomination Committee.

Jane McAloon AM

Non-executive Director (Independent)
Age 59, BEc(Hons), LLB, GDip CorpGov, FAICD
Director since: September 2022

Directorships of other Australian listed entities in the past three years: Newcrest Mining Ltd (July 2021 to date), United Malt Group Ltd (February 2020 to February 2023), HMC Capital Ltd (October 2019 to November 2022) and Viva Energy Group Ltd (2018 to 2021).

Ms McAloon is Chair and a non-executive director of Energy Australia Holdings Ltd. She is a non-executive director of Newcrest Mining Ltd and Allianz Australia Ltd. Ms McAloon spent nine years as Group Company Secretary at BHP Billiton, including two years on the Group Management Committee as President Governance. Prior to this, Ms McAloon was Group Manager, Regulatory & Public Affairs and Company Secretary at AGL Energy Ltd. Ms McAloon has worked in executive leadership roles with the NSW Government Cabinet Office and the Energy, Rail and Natural Resources Departments. Ms McAloon previously worked in private legal practice. She is a former non-executive director of listed companies Viva Energy Group Ltd, GrainCorp Ltd, Healthscope Ltd, Cogstate Ltd, United Malt Group Ltd and HMC Capital Ltd. She is also a former non-executive director of the Port of Melbourne and the Civil Aviation Safety Authority.

Ms McAloon is Chair of the Monash University Foundation and is an independent member of the advisory board of Allens. She was previously Chair of Defence Reserves Support Council, a member of the Referendum Council on Constitutional Recognition for Aboriginal and Torres Strait Islander Peoples, a former director of the Australian War Memorial and a former senior adviser to Brunswick Group Asia.

Ms McAloon brings to BlueScope over 30 years of business, government and regulatory experience at senior executive and board levels across the natural resources, energy, infrastructure and utilities sectors.

Ms McAloon is a member of the Risk and Sustainability Committee, Health, Safety, Environment and Community Committee and the Nomination Committee.

Company Secretaries

The following are Company Secretaries of the Company:

Penny Grau

BCom, LLB, LLM

Responsible for the Company Secretarial matters of BlueScope.

Appointed the Company Secretary & Group Counsel Governance on 30 June 2022 following her appointments as Group Counsel – Secretariat with BlueScope on 6 November 2017, and a Company Secretary on 27 November 2017.

Previously occupied positions of general counsel and company secretary of a number of listed companies for 10 years, and prior to this practised as a corporate lawyer for 18 years.

Debra Counsell

BA, LLB

Global responsibility for legal affairs, ethics and compliance of BlueScope.

Appointed Chief Legal Officer on 1 January 2017 and Company Secretary on 1 July 2017.

Prior to that occupied the position of General Counsel – Corporate at BlueScope since 2014, following 23 years of private practice in Australia, Asia and Europe.

Particulars of Directors' Interests in Shares and Options of BlueScope Steel Limited

As at the date of this Directors' Report the interests of the Directors in shares and options of the Company are:

Director	Ordinary shares	Share rights
J A Bevan	62,797	-
M R Vassella	976,841	430,032[1]
E G W Crouch	37,797	-
R P Dee-Bradbury	27,300	-
J M Lambert	19,890	-

Director	Ordinary shares	Share rights
K M Conlon	10,208	-
Z Zhang	-	-
K L Johnson	-	2,112[2]
P C Alexander	16,000	-
J McAloon	3,352	-

1. Unvested rights, subject to achieving performance hurdles.
2. Rights will remain as vested share rights until the exercise and allocation of shares, which is automatic at the end of the restriction period or on the date the Director ceases to be a Director of the Company.

Meetings of Directors

Attendance of the Directors at Board and Board Committee meetings from 1 July 2022 to 30 June 2023 is as follows:

	Board Meetings		Audit Committee		Remuneration and Organisation Committee		Health, Safety and Environment Committee		Nomination Committee		Risk and Sustainability Committee		Director Sub-Committee		Annual General Meeting	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
J A Bevan	12	12	-	5[1]	6	6	5	5	6	6	-	5[1]	1	1	1	1
M R Vassella	12	11	-	5[2]	-	5[2]	5	5	-	6[2]	-	5[2]	1	1	1	1
E G W Crouch	12	11	5	5	-	1[1]	5	5	6	5	5	5	-	-	1	1
R P Dee-Bradbury	12	12	-	3[1]	6	6	5	5	6	6	-	1[1]	-	-	1	1
J M Lambert	12	12	5	5	-	2[1]	5	4	6	6	5	5	1	1	1	1
K M Conlon	12	12	5	5	6	6	5	5	6	5	-	1[1]	-	-	1	1
Z Zhang	12	12	-	2[1]	-	-	5	5	6	6	5	5	-	-	1	1
K Johnson	12	10	-	2[1]	6	6	5	5	6	5	-	1[1]	-	-	1	1
P Alexander	9	8	3	3	-	-	4	4	4	4	-	-	-	-	1	1
J McAloon	9	9	-	-	-	-	4	3	4	4	3	3	-	-	1	1

1. The Director is not a Committee member and attended pursuant to their standing invitation.
2. The Managing Director and Chief Executive Officer is not a Committee member and attends by invitation as required.

With the exception of Mr Alexander and Ms McAloon, all current Directors have held office for the entire year ended 30 June 2023.

A= Number of meetings held in the period 1 July 2022 to 30 June 2023 during which time the relevant Director was a member of the Board or the Committee, as the case may be.

B= Number of meetings attended by the relevant Director from 1 July 2022 to 30 June 2023.

Directors meet regularly in the absence of management.

Other Matters

Review of Operations

A review of the Group's operations during the financial year and the results of those operations is set out in the FY2023 Earnings Report on pages 6-36 of this Annual Report. The FY2023 Earnings Report is incorporated by reference into, and forms part of, this Directors' report.

Remuneration Report

The FY2023 Remuneration Report is set out on pages 46-83 of this Annual Report and is incorporated by reference into, and forms part of, this Directors' report.

Environmental Regulation

In FY2023, BlueScope notified relevant authorities of forty-three incidents resulting in environmental non-compliance, seventeen of which occurred in Australia, where BlueScope's manufacturing operations are subject to significant environmental reporting obligations. This is numerically high in comparison to recent reporting by BlueScope of non-compliances, however, BlueScope's investigations into several of the non-compliances identified that key causes included factors over which BlueScope has or had little control, such as extreme weather events in Auckland in January and February 2023, reporting from new business acquisitions, and adverse impacts of native wildlife (in the form of e-coli) on water discharge quality. All the reported non-compliances were low severity, with no material environmental or health impacts. The operations continue to treat low level incidents seriously, focusing on opportunities to minimise the likelihood of re-occurrence.

The NSW Environment Protection Authority (EPA) issued Australian Steel Products an advisory letter in relation to an incident at the Port Kembla Steelworks relating to a shred steel scrap spill at Berth 113 on 24 November 2022. Australian Steel Products also received a formal warning from the EPA in relation to two separate incidents at the Port Kembla Steelworks. The first incident related to No.5 Blast Furnace granulate bath overflow, and subsequent discharge to No.5 Blast Furnace Drain, on 3 July 2022. The second incident related to a Coke Ovens No.6 Battery raw gas emission, on 27 August 2022.

Australian Steel Products also received three official cautions from the EPA in relation to incidents at the Port Kembla Steelworks. The first related to a No.5 Blast Furnace thickener overflow, and subsequent discharge to the No.5 Blast Furnace and No.2 Blower Station Drains, on 29 July 2022. The second related to burst pipework resulting in the discharge of clarified water to No.5 Blast Furnace Drain on 11 March 2023. The third related to two Cokemaking air emission incidents on 17 February and 23 March 2023.

No environment-related penalty infringement notices have been reported across BlueScope's operations.

Further environmental information will be provided in BlueScope's Sustainability Report due for release in September 2023.

Indemnification and Insurance of Officers

The Company has entered into directors' and officers' insurance policies and paid an insurance premium in respect of the insurance policies, to the extent permitted by the *Corporations Act 2001*. The insurance policies cover former Directors of the Company along with the current Directors of the Company (listed on page 38). Executive officers and employees of the Company and its related bodies corporate are also covered.

In accordance with Rule 21 of its Constitution, the Company to the maximum extent permitted by law:

- must indemnify any current or former Director or Secretary; and
- may indemnify current or former executive officers,

of the Company or any of its subsidiaries, against all liabilities (and certain legal costs) incurred in those capacities to a person, including a liability incurred as a result of appointment or nomination by the Company or its subsidiaries as a trustee or as a Director, officer or employee of another corporation.

Current and previous Directors of the Company and a previous Chief Financial Officer and a previous Chief Legal Officer and Company Secretary have entered into an Access, Insurance and Indemnity Deed (Deed) with the Company. The Deed addresses some or all of the matters set out in Rule 21 of the Constitution and includes, among other things, provisions requiring the Company to indemnify an officer to the extent to which they are not already indemnified as permitted under law, and to use its best endeavours to maintain an insurance policy covering the period while they are in office and seven years after ceasing to hold office. It is the Company's practice that its employees should be protected from any liability they incur as a result of acting in the course of their employment, while acting in good faith.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability insurance contract, as (in accordance with normal commercial practice) such disclosure is prohibited under the terms of the contract.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

Proceedings on Behalf of BlueScope

As at the date of this Report, there are no leave applications or proceedings made in respect of BlueScope or that a person has brought or intervened in on behalf of BlueScope under section 237 of the *Corporations Act 2001*.

Matters Subsequent to the Year Ended 30 June 2023

Other than matters outlined elsewhere in the Directors' Report and the Financial Report, no matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, results of operations or state of affairs of the Group in subsequent accounting periods.

Rounding of Amounts

BlueScope is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

Auditor's Independence

Ernst & Young was appointed auditor for BlueScope at the 2002 Annual General Meeting.

Auditor Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 45 within the Directors' Report for the year ended 30 June 2023.

Non-Audit Services

Ernst & Young provided $1,046,060 of non-audit services during the year ended 30 June 2023, comprising:

$901,060 for advisory services; and

$145,000 for tax compliance services.

The Directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Further details of the amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are set out in Note 33 of the consolidated financial statements.

This report has been made in accordance with a resolution of the Directors.

John Bevan Chairman	**Mark Vassella** Managing Director and Chief Executive Officer

21 August 2023

Building a better working world

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Fax: +61 3 8650 7777
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Auditor's independence declaration to the directors of BlueScope Steel Limited

As lead auditor for the audit of the financial report of BlueScope Steel Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of BlueScope Steel Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Matthew A. Honey
Partner
21 August 2023

Section

03.

Remuneration Report

Message from the Board

Year in Review

Through FY2023, BlueScope's team of over 16,500 employees continued in their efforts to maintain safe and efficient operations, to deliver for our customers and to support our local communities. While operating under a shifting macroeconomic environment, BlueScope delivered robust performance, reflecting the depth of our capability and the resilience of our diversified business model to deliver our Transform, Grow and Deliver strategy.

Our financial performance across the year was solid, with underlying Earnings Before Interest and Tax (EBIT) of $1.61 billion and a return of over $518 million to shareholders in dividends and on-market share buy-backs. This was delivered while retaining a strong balance sheet.

In the US, our growth strategy is progressing well and in Australia significant investment was announced to bolster future growth. In New Zealand, we continue with the accelerated feasibility study into an electric arc furnace, which is to be co-funded by the New Zealand government. If this project progresses, this will materially reduce New Zealand Steel's emissions by at least 45 per cent.

We completed the concept study into direct reduced iron (DRI) melter technology with Rio Tinto, and broadened our review of the most likely decarbonisation project options for ironmaking in Australia, including a focus on the necessary enablers. We have also expanded our technology collaborations with global steelmakers, such as thyssenkrupp, Tata Steel and POSCO. Further, we continued to progress a range of initiatives to support key sustainability outcomes.

Above all else, operating safely is of paramount importance. After evolving our overall approach in recent years, BlueScope has now embraced a people-centred approach to health and safety and has embedded a culture of learning from our people. In FY2023, we continued the strong performance across our lead safety indicators.

Remuneration Outcomes

The FY2023 remuneration outcomes reflect our business performance and are aligned to shareholder returns delivered during the year. The Board is satisfied that management has performed well, delivering solid financial outcomes that resulted in a return on invested capital (ROIC) in FY2023 of 14.6 per cent and Free Cash flow of $1.34 billion.

The lagging injury metric TRIFR was 7.5 per million hours worked in FY2023, above the top end of the long term historical range of 5-7, with the inclusion of recent scrap recycling asset acquisitions.

BlueScope continued to make good progress against our 2030 climate targets in FY2023 through an array of projects. Since we set our targets in FY2018, we have delivered an 8.3 per cent reduction in steelmaking emissions and a 8.8 per cent decrease in non-steel making emissions.[1]

We strive to build a workforce which reflects the diversity of the communities in which we operate. Female representation overall is unchanged at 24 per cent. Female representation on the Executive Leadership team exceeds 50 per cent, with the Board also having 50 per cent female representation, aligned to our 40:40:20 target. *Beyond gender* strategies are gathering significant pace across the business, designed to suit local community needs – such as a focus on ethnicity in the US.

Short Term Incentive

The Short Term Incentive (STI) scorecard is designed so that each objective can be assessed between 0 and 200 per cent, while the total scorecard is capped at 150 per cent of target (equal to 100 per cent of maximum). The collective strength of our performance across the year has been recognised in our STI Scorecard, where the MD&CEO received an outcome of 88.9 per cent of maximum. This equates to 58.7 per cent of fixed pay out of a possible 67 per cent. Other Executive Key Management Personnel (KMP) awards ranged from 31.7 to 50.8 per cent of fixed pay, or 60.4 to 96.7 per cent of the maximum opportunity. More detail on the STI outcomes is available in Section 4.2.

Across the Company, over 60 per cent of our employees participate in business unit Profit Share Plans. Payouts under these plans in FY2023 also reflect our business performance in a more challenging macroeconomic environment.

Alignment Rights (Long Term Incentive)

The Alignment Rights Plan (Long Term Incentive), combined with the minimum shareholding requirements, are designed to align the experience of ELT with that of shareholders through direct share ownership. The Alignment Rights hurdles, which are set at threshold levels, are intended to reduce the impact of external cyclicality on remuneration outcomes and reward consistent, sustainable performance even during extremes in the cycle. In recognition of an increased certainty of vesting, awards are lower in quantum compared to market peers. This approach differs to the traditional long term incentive plans with linear vesting outcomes based on threshold to outperformance and a higher quantum of award.

For the three-year period to 30 June 2023, management delivered robust ROIC outcomes and maintained a strong balance sheet, consistent with the objectives of our Financial Framework. As a result, both performance conditions of the FY2021 Alignment Rights have been met and awards will vest in full in September 2023.

Fixed Remuneration

In September 2022, the Executives received a modest increase in their fixed remuneration following a thorough remuneration benchmarking exercise to test remuneration levels relative to comparative companies and robust assessment of competitive market conditions. The MD&CEO received an approximately 3 per cent increase and the Executive KMP were awarded a 3.5 per cent increase to their fixed pay.

1. Preliminary data. Final emissions intensity figures will be published in BlueScope's FY2023 Sustainability Report. All GHG emissions data are reported on an equity accounted basis.

Remuneration framework overview

Each year the Board reviews the measures used to reward short and long term performance to maintain alignment with the Group's strategic priorities. Our framework is designed to maintain a deliberate and continued focus on financial fundamentals and provide more value to executives at less cost to shareholders. To achieve this:

- The quantum of Total Reward is set below the median of our market peers, with fixed pay at, or slightly above the median, and STI set lower than our peers.
- The quantum of our Alignment Rights is set low relative to our market peers, reflecting the increased likelihood of vesting as a result of performance hurdles that are set at a threshold level that, if achieved over the cycle, will generate sound returns for shareholders.
- The framework drives alignment of executives with shareholders through equity ownership, both through the design of the Alignment Rights and minimum shareholding requirements which apply to the ELT.

This approach serves us well to ensure we are attracting best-in-class talent, motivating performance and delivering ongoing returns to our shareholders. We continue to review this framework in the context of our evolving Business Model and specifically our growth strategy in North America.

Executive KMP changes during FY2023

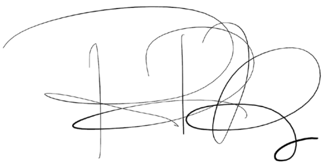
To further advance our Transform, Grow and Deliver strategy, certain ELT changes took effect on 1 February 2023. Pat Finan took on an advisory role and Kristie Keast was appointed Chief Executive, North America. John Nowlan was appointed to an advisory ELT role and Tania Archibald took on full accountability as Chief Executive, Australian Steel Products. An Interim Chief Financial Officer was appointed in February 2023, until David Fallu joins BlueScope as Chief Financial Officer in September 2023.

Changes in FY2024

The Board remains cognisant of the importance of ensuring market competitive fixed remuneration for executive KMP. We monitor and review remuneration annually, with regard to economic indicators, market movements and talent attraction and retention challenges. In recognition of the significant inflationary pressures in our operating markets, the Board has decided to increase the fixed remuneration of the MD&CEO by 3.5 per cent in FY2024.

In summary

Our current approach to remuneration has been in place since FY2018 and has proven successful not only in a cyclical environment but also one facing unprecedented disruption through the COVID-19 era and post pandemic volatility. Our remuneration framework has received strong shareholder support and the Board believes this approach will continue to underpin the long term success of the business. We remain focussed on ensuring that Executive remuneration supports our future strategy, to reflect overall business performance and deliver value to all our stakeholders through the cycle.



Rebecca Dee-Bradbury
Chairman, Remuneration and Organisation Committee

John Bevan
Chairman

Contents

The Board of Directors (Directors) of BlueScope Steel Limited (the Company) present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the Company and its consolidated entities ('BlueScope' or 'Group') for the year ended 30 June 2023. The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*. This Remuneration Report forms part of the Directors' Report.

This report outlines the remuneration strategy, framework and other conditions of employment for the Key Management Personnel (KMP) of the Company and sets out the role and accountabilities of the Board and relevant Committees that support the Board on these matters. In this report, KMP include those members of the ELT who have the authority and responsibility for planning, directing and controlling the activities of the Group.

1. Who is covered by the Report?

The following people were KMP for the full FY2023 reporting period except where otherwise indicated. There were no changes to KMP subsequent to the end of FY2023 and the date of release of this report.

Name	Position	
Executives		
Mark Vassella	Managing Director & Chief Executive Officer	
Tania Archibald[1]	Chief Financial Officer	
	Chief Executive, Australian Steel Products	
Pat Finan[2]	Chief Executive, Hot Rolled Products	
	Chief Executive, North America	
Kristie Keast[3]	Chief Executive, North America	
John Nowlan[4]	Chief Executive, Australian Steel Products	
Robin Davies	Chief Executive, New Zealand and Pacific Islands	
Connell Zhang	Chief Executive, NS BlueScope	
Non-Executive Directors		**Remuneration and Organisation Committee**
John Bevan	Chairman of the Board	✓
Kathleen Conlon	Non-Executive Director	✓
Ewen Crouch AM	Non-Executive Director	
Rebecca Dee-Bradbury	Non-Executive Director	Chair
Jennifer Lambert	Non-Executive Director	
ZhiQiang Zhang	Non-Executive Director	
K'Lynne Johnson	Non-Executive Director	✓
Jane McAloon AM[5]	Non-Executive Director	
Peter Alexander[6]	Non-Executive Director	

1. T Archibald ceased in the role of Chief Financial Officer on 31 January 2023 and commenced in the role of Chief Executive, Australian Steel Products on 1 February 2023. David Fallu will join BlueScope as Chief Financial Officer in September 2023 and an Interim Chief Financial Officer was appointed. The interim Chief Financial Officer role is not considered a KMP role
2. P Finan ceased in the role of Chief Executive, Hot Rolled Products on 13 July 2022 and was appointed to the role of Chief Executive, North America effective 14 July 2022. He ceased in the role of Chief Executive, North America on 31 January 2023
3. K Keast was appointed to the role of Chief Executive, North America effective 1 February 2023
4. J Nowlan ceased in the role of Chief Executive, Australian Steel Products effective 31 January 2023
5. J McAloon AM was appointed to the role of Non-Executive Director effective 30 September 2022
6. P Alexander was appointed to the role of Non-Executive Director effective 30 September 2022

2. Frequently Asked Questions

Key Questions	BlueScope Response	Further Info
Remuneration Framework		
1. How does the remuneration framework align to the Company's strategy?	The remuneration framework aligns to our investment proposition to deliver returns through the cycle and supports the delivery of BlueScope's strategy. The STI rewards Executives for: • growing the business and delivering ROIC and cash flow targets annually • influencing what sustains the business - cost control, debt management and balance sheet integrity • delivery on key non-financial areas critical to business success, such as safety, ESG measures, strategic projects such as investments in new and emerging digital technologies, building manufacturing and supply chain capability to support future sales growth, and talent management and succession planning of senior leadership roles. The design of the Alignment Rights reduces the impact of external cyclicality in business performance on Executive reward outcomes. The significant weighting to equity in the mix of total reward, combined with the minimum shareholding requirements for the ELT, means Executives are encouraged to act like owners and their remuneration outcomes are directly aligned to the shareholder experience.	Section 5
2. **Why is fixed pay market positioning set high and variable reward opportunity set low relative to the market median?**	BlueScope's fixed remuneration is set at or slightly above the median of our market competitors but is offset by lower variable reward – so total reward is lower than the market median for comparable organisations. The lower total reward is balanced against increased certainty of payment, while the significant weighting to equity encourages optimal management in favour of shareholders through the cycle.	Section 3
3. **Why is there significant focus on non-financial measures in the STI plan?**	Under the FY2023 STI plan, financial and non-financial measures are weighted equally, each carrying a weighting of 50 per cent. The non-financial measures are aligned with BlueScope's strategy and have a strong focus on long term sustainable success and the future growth of the Company. The non-financial measures were carefully selected by the Board after considering feedback received from investors and other stakeholders. The STI scorecard was rebalanced in FY2022 to reflect the importance of ESG and safety indicators as a measure of sustainable success. The individual strategic objectives are aligned with our strategy and heavily focussed on transformation and growth.	Section 5.2

Key Questions | **BlueScope Response** | **Further Info**

4. Are Alignment Rights' hurdles sufficiently challenging?

Further Info: Section 3, Section 5.3

Our Alignment Rights Plan is designed to focus Executives on sustainable growth through the cycle, and reward them for generating shareholder returns. The hurdles are set at threshold level to reduce the impact of external cyclicality on reward outcomes. It is expected that the plan will vest regularly and in recognition of this increased certainty, awards are lower in quantum relative to the market.

These awards have a threshold ROIC hurdle of 10 per cent and a net debt to EBITDA ratio hurdle of less than 1.3x averaged over the three-year performance period. When the threshold hurdles are met, the rights vest in full. It should be noted that if the business delivers above the threshold, Executives do not receive any additional awards.

The three-year rolling ROIC of 10 per cent was set in relation to the median long term ROIC performance, relative to our remuneration peers, major steel companies and the ASX100, and with reference to broadly achieving our cost of capital. This peer information is used to ensure we set a challenging threshold, not to assess actual performance outcomes.

The table below shows the second quartile ROIC performance for each of these comparator groups, for the three-year periods, from FY16-FY18 to FY20-FY22.

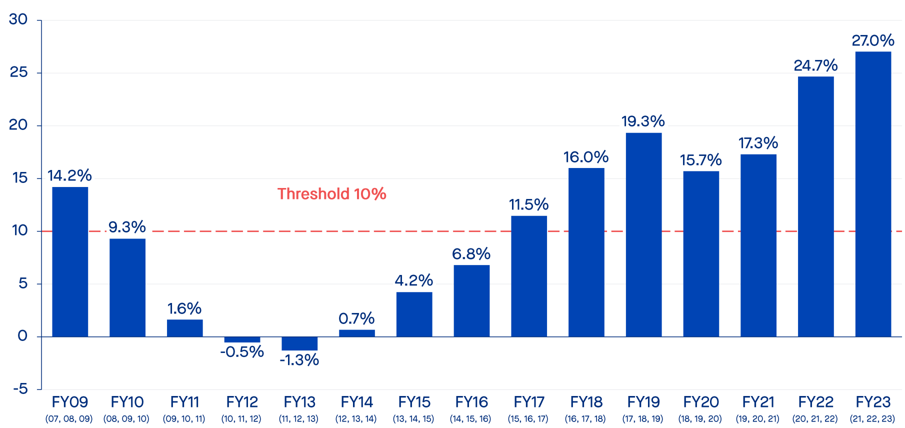
Industry Comparison - 2nd Quartile three-year ROIC Performance

	FY16-FY18	FY17-FY19	FY18-FY20	FY19-FY21	FY20-FY22
Bluescope	16%	19%	16%	17%	25%
ASX100[1]	13%	13%	12%	11%	12%
Remuneration Peers	14%	13%	12%	10%	10%
Major Steel Companies	8%	12%	9%	9%	13%

1. *The ASX100 represents the constituents of the index*

This measure drives our Executives to deliver consistent, sustainable performance – even during extremes in the cycle, as is illustrated in the chart below.

BlueScope's three-year rolling ROIC Performance (%)



5. Why is there no linear vesting of Alignment Rights when hurdles are not met?

Further Info: Section 5.3

Unlike traditional long term incentives with linear vesting outcomes based on threshold to outperformance and a higher quantum of award, the BlueScope Alignment Rights plan drives consistent, sustainable performance, even during extremes in the cycle.

In circumstances whereby vesting is based on performance close to the threshold hurdle, extensive reviews are conducted by the Remuneration and Organisation Committee (ROC) to ensure that outcomes are valid. Board discretion may be applied to the reward outcomes where warranted.

Key Questions	BlueScope Response	Further Info
6. **Why are the Alignment Rights' hurdles based on absolute measures, rather than relative performance against peers?**	The Board conducts an annual review of the performance hurdles in the variable reward plans. Based on this review, the Board decided that ROIC and Net Debt to EBITDA Ratio remain the most suitable targets to measure BlueScope's long term performance over the business cycle because: • ROIC creates clear value for shareholders and is a highly relevant measure that reflects the capital-intensive nature of the industry and markets in which BlueScope operates, and incentivises Executives to be disciplined with invested capital, and • The Net Debt to EBITDA Ratio provides clear linkage with BlueScope's strategy to retain a strong balance sheet through the cycle and reflects the cyclical nature of the industry and markets in which BlueScope operates.	Section 5.3
7. **Why is ROIC used as a performance metric for both the STI and for the Alignment Rights?**	While a ROIC measure is used in both the STI and Alignment Rights plans, hurdles are set differently to achieve different objectives, particularly given BlueScope's exposure to exogenous cyclical factors. Under the STI plan, ROIC hurdles are set with a sliding scale from threshold to stretch over a one-year period, with the aim of optimising business performance in the current financial year. With the hurdles set in light of more current external cyclical factors, this approach incentivises Executives to strive for better short term performance each year, at all points in the cycle. The Alignment Rights plan takes a longer term, through-cycle perspective. The ROIC threshold is set at levels representative of long term median performance across BlueScope's peer groups and which broadly achieves the Company's risk-adjusted cost of capital. This plan aims to ensure a minimum level of performance, incentivising Executives to adopt an appropriate level of risk and appropriately invest for future growth.	Section 5.2, Section 5.3
Approach to FY2023		
8. **What changes have been made in FY2023 and why were they made?**	Changes to Executive KMP remuneration in FY2023 are as below: • Remuneration is monitored and reviewed annually with regard to economic indicators, market movements and talent attraction and retention challenges. Upon completion of a review, and as foreshadowed in the FY2022 Remuneration Report, the MD&CEO received an increase to his fixed remuneration of approximately 3 per cent in FY2023. In September 2022, Executive KMP were awarded a 3.5 per cent increase to their fixed pay. • With the appointment of new US-resident Directors, the operation of the Non-Executive Director's minimum Shareholding Policy was amended to recognise US tax requirements, such that, for US-resident Non-Executive Directors, the minimum shareholding requirement is satisfied by holding vested share rights, instead of shares, equivalent to their annual base fee. It remains a requirement for Non-Executive Directors to accumulate over time a shareholding equivalent to their annual base fees. • ELT changes aimed at building capability for the future took effect from 1 February 2023. P Finan took on an advisory role and K Keast was appointed Chief Executive, North America. J Nowlan was appointed to an advisory ELT role and T Archibald took on full accountability as Chief Executive, Australian Steel Products. An Interim Chief Financial Officer was appointed in February 2023, until D Fallu joins BlueScope as Chief Financial Officer in September 2023.	Section 5.2, Section 6
FY2023 Outcomes		
9. **How do reward outcomes reflect Company performance?**	BlueScope performance in FY23: • Total shareholder return of 33.0 per cent in FY2023 • Full-year result of $1.61 billion underlying EBIT and ROIC of 14.6 per cent • Free cash flow for the year was $1.34 billion • TRIFR, at 7.5, exceeded the STI threshold of 7 • Ninety-nine per cent of pledged HSE Risk Control Improvement Projects completed • Ahead of steelmaking emissions intensity target with an 8.3 per cent reduction since FY2018. The non-steelmaking emissions intensity decrease of 8.8 per cent since FY2018, is on track Accordingly, the Short Term Incentive award for the MD&CEO was 88.9 per cent of maximum, and for other Executive KMP ranged from 60.4 to 96.7 per cent of maximum. The FY2021 Alignment Rights will vest in full. The Board is satisfied that the reward outcomes appropriately reflect individual, business and Group performance, and are aligned to the experience of shareholders and other employees.	Section 4

Key Questions	BlueScope Response	Further Info
10. **How and why did the Board apply discretion in relation to the FY2023 reward outcomes?**	The lagging injury metric TRIFR was 7.5 per million hours worked in FY2023, above the top end of the long term historical range of 5-7, with the inclusion of recent scrap recycling asset acquisitions. As the threshold level of TRIFR performance was not achieved, the Board reduced the maximum STI that could be awarded from 150 per cent to 145 per cent.	
11. **Were there any fixed pay increases for the MD&CEO in FY2023?**	As foreshadowed in the FY2022 Remuneration Report, there was an increase to the fixed pay of the MD&CEO of approximately 3 per cent in FY2023, reflecting sustained high performance and in line with fixed remuneration increases provided to the broader business.	Section 5.6
12. **Why has P Finan, former Chief Executive, North America, received a Project Incentive?**	This role was critical to the delivery of the North Star expansion, and therefore P Finan participated in an annual Project Incentive plan in addition to the STI plan. The Project Incentive reflected both the criticality of the project to BlueScope and remuneration practices in the competitive US market. The Project Incentive ran on a calendar year, basis and accordingly there was some overlap with reporting for the financial year. The short-term variable reward amounts disclosed in this report for P Finan include actual amounts awarded for the FY2023 STI, pro rata to the date he ceased in this role, and CY2022 Project Incentive for the period 1 July to 31 December 2022. CY2022 was the final year of the operation of the Project Incentive with final payment made in February 2023.	Section 4
13. **Why was the MD&CEO STI award granted in share rights at the outset, rather than at the end of the performance period?**	Under the rules of the STI plan, participating Executives may elect to receive their STI award either in cash or partly or wholly in share rights. If an election is made to take the award partly or wholly in share rights, the rights are granted at maximum opportunity, at the outset of the performance period. At the end of the performance period a number of share rights may lapse, depending on the actual STI outcome assessed. This allows Executives the opportunity to boost their shareholding in the Company, further aligning their interests with those of shareholders. Further, granting the share rights at the outset of the performance period provides additional leverage during the period, meaning that whilst the Executives may enjoy the upside potential, they must also wear the downside risk associated with the additional leverage through the period. This arrangement has the benefit of focusing Executive effort on share price growth right from the outset, as intended. The MD&CEO elected to receive all his FY2023 STI in share rights.	Section 5.2
14. **Were there any sign-on or termination payments made to Executive KMP in FY2023?**	C Zhang was appointed Chief Executive NS BlueScope on 1 April 2021. Under the terms of his employment, he was entitled to restricted shares to the total value of SG$800,000 in two equal tranches in September 2021 and September 2022 to reflect foregone equity from his previous employer and align his remuneration with shareholder outcomes from the onset. He has subsequently been issued with the two tranches in September 2021 and September 2022, being 22,448 and 20,517 restricted shares respectively, each to the value of SG$400,000 at the time of grant[1].	Section 5.6
FY2024 Remuneration Changes		
15. **Are any changes anticipated to remuneration in FY2024?**	The Board remains cognisant of the importance of ensuring market competitive fixed remuneration for executive KMP. We monitor and review remuneration annually with regard to economic indicators, market movements and talent attraction and retention challenges. For FY2024, the Board has decided to increase fixed remuneration by 3.5 per cent for the MD&CEO.	Section 5.4

1. The value of C Zhang's two tranches of restricted shares issued in September 2021 and September 2022 in Australian Dollars was $388,500 and $408,497 respectively.

3. Remuneration at a Glance

Our Executive remuneration framework is structured to attract and retain capable and experienced Executives to support BlueScope's strategy and ultimately deliver value to our shareholders.

Our Strategy

Our Strategy sets out how we will deliver on Our Purpose and deliver strong returns and sustainable outcomes over the next five years and beyond. Our Strategy drives 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.

Transform	Grow	Deliver
Deliver a step change in customer experience and business performance	Grow our portfolio of sustainable steelmaking and world leading coating, painting and steel products businesses	Deliver a safe workplace, an adaptable organisation and strong returns

We have a clear set of remuneration principles which are aligned to our strategy and are used to develop our Executive remuneration framework.

Our Remuneration Principles

Our Remuneration objective and principles guide the design of our Executive remuneration framework.

Objective

To pay fairly for delivering on our strategy, and to create value over time in the eyes of internal and external stakeholders

Principles

Retention	Owners	Strategy	Fair	Simple
Keeps the right people	Encourages executives to behave like owners	Enables the delivery of the strategy	Feels fair over the cycle for all stakeholders	Remuneration framework can be easily explained

FY2023 Executive Remuneration Framework

Total Remuneration

Total remuneration is designed to attract and retain capable and experienced Executives, reward them for creating long term, sustainable value and provide a direct link between the interests of shareholders and Executives.

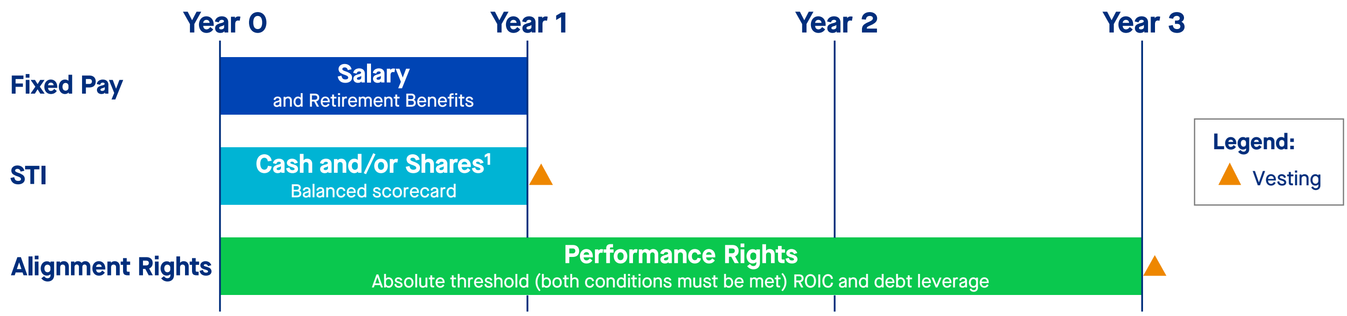
	FIXED PAY	SHORT TERM INCENTIVE	ALIGNMENT RIGHTS
Purpose	Provide fair, market-related fixed pay for the skills and experience an executive brings to a role. Attract and retain experienced and capable leaders	Drive and reward the achievement of challenging annual performance targets that reflect BlueScope's key strategic priorities and ensure success for BlueScope in both the short and the long term	Create long term, sustainable value and shareholder alignment through equity ownership
Description	Salary and other benefits (including statutory superannuation)	Annual incentive opportunity delivered in cash, equity or a mixture of both (as elected by each Executive), awarded based on the achievement of financial, safety, ESG and individual targets	Three-year incentive opportunity delivered through share rights, with vesting dependent on achievement of threshold measures in ROIC performance with reference to broadly achieving our cost of capital
Link to Strategy/ Performance	Rewards sustained performance in role	• Significant proportion of outcomes are subject to the achievement of financial targets linked to capital discipline and returns, a pillar of BlueScope's investment proposition • Challenging and meaningful threshold, target and stretch objectives set by the Board annually for each measure	• Reward for sustainable multi-year performance in line with BlueScope's investment proposition to deliver returns through the cycle • Awards vest on achievement of threshold hurdles
Market positioning	Set at or slightly above the median of peer group	Target and maximum quantum set below median of peer group	Quantum set below median of peer group to offset increased likelihood of vesting
Performance measures	Considerations: Skills, experience, accountability Role and responsibility	**Financial Performance (50% of total):** **Group and business unit:** • Underlying Return on Invested Capital (2/3) • Cash flow from operations (1/3) **Safety (10% of total):** • Gateway of no fatalities • Total Recordable Injury Frequency Rate (TRIFR) target • Achievement of leading indicators (Delivery of HSE risk control projects) **ESG (15% of total):** • BlueScope year-on-year emissions reduction • Business unit climate objective • BlueScope inclusion and diversity objective **Strategic Objectives (25% of total):** • Measures based on individual strategic objectives aligned to business growth	**Gateway Condition:** • Adherence to Our Bond **Vesting Conditions:** • Minimum 10 per cent rolling three-year average underlying ROIC, and • Average debt leverage of Net Debt to EBITDA ratio of <1.3x over three years
Further details	See Section 5.1	See Section 4.2 for FY2023 STI targets and outcomes	See Section 4.3 for LTI vesting based on performance up to and including FY2023

MINIMUM SHAREHOLDING REQUIREMENT	**Non-Executive Directors: 100% of base fees** **MD&CEO: 200% of fixed pay** **Executive KMP: 100% of fixed pay**

How and when is remuneration delivered?

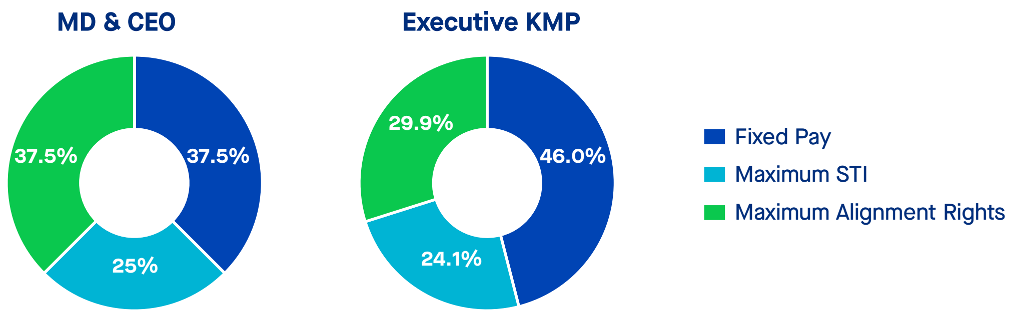
The following diagram shows how remuneration is delivered to Executives[1].

Timing of Remuneration Outcomes



What is the mix of pay for Executive KMP?

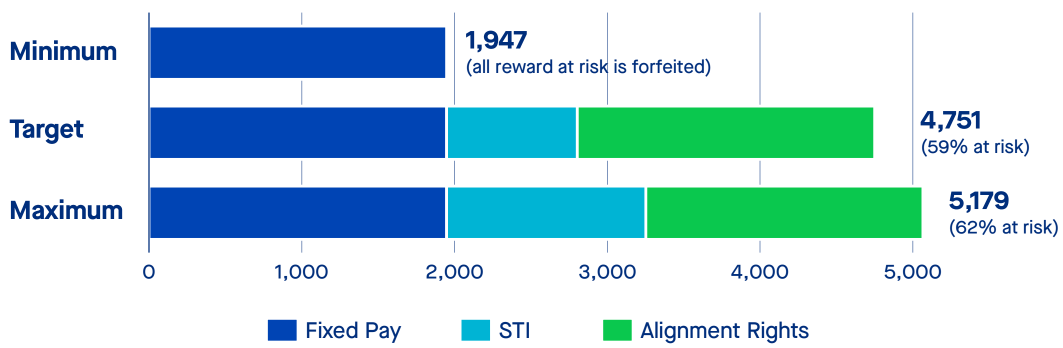
The following shows BlueScope's pay mix at maximum performance for the MD&CEO and other Executive KMP. The actual STI and Alignment Rights awarded are subject to performance against the pre-determined targets.



Range of possible remuneration outcomes for the MD&CEO

As actual business and individual achievement over the performance period determines reward outcomes, the total remuneration received by Executive KMP each year will vary. The diagram below illustrates the range of possible remuneration outcomes for the MD&CEO, based on three performance outcome scenarios.

Range of Remuneration Outcomes for the MD&CEO ($'000)



In the Minimum scenario, no STI or Alignment Rights are awarded. The MD&CEO would receive fixed pay inclusive of superannuation of $1.947 million.

Outcomes at Target would be achieved where BlueScope meets the annual STI performance hurdles resulting in STI being paid at target i.e. 44 per cent of fixed pay. Alignment Rights vest.

To receive the Maximum award, BlueScope would need to achieve stretch performance across the STI scorecard resulting in a maximum STI award of 67 per cent of fixed pay. Alignment Rights vest.

1. STI cash or shares: Executives may elect to receive 0%, 50% or 100% of STI in equity. No additional deferral applies on the equity component.

4. Business Performance and Reward Outcomes

There is a strong link between Executive remuneration outcomes and business performance. The Group has performed well against a wide range of of business objectives and delivered a robust result in FY2023, demonstrating the resilience of its diversified business model.

Underlying EBIT for the financial year was robust at $1.61 billion, albeit coming off a record previous year. The continued strong EBIT performance demonstrates the resilience of the business model, particularly in the context of volatile macroeconomic and industry cycles. Operating cash flow, after capital expenditure, was $1.34 billion and the balance sheet remains strong with $703 million net cash. During the year, BlueScope delivered $518 million in shareholder returns through dividends and on-market share buy-backs. For FY2023, the Board approved a fully franked final dividend of 25.0 cents per share, and an increase to the share buy-back program, to allow up to $400 million to be bought over the next 12 months.

The lagging injury metric TRIFR was 7.5 per million hours worked in FY2023, above the top end of the long term historical range of 5-7, with the inclusion of recent scrap recycling asset acquisitions. After a period of evolution, BlueScope has embedded its people-centred approach to safety and a culture of learning from our people. In FY2023, the Company continued its strong performance across lead indicators, including business-led learning programs and team-based risk control improvement projects, with 249 projects completed against a plan of 250.

BlueScope continued to make progress against its 2030 climate targets through the financial year through an array of projects. Steelmaking emissions intensity is tracking ahead of target with a total 8.3 per cent reduction[1] since FY2018, with a particularly strong performance in FY2023 driven by the ramp up of the North Star expansion and energy and resource efficiency projects at New Zealand Steel and the Port Kembla Steelworks. Non-steelmaking emissions intensity is tracking close to target, having decreased 8.8 per cent[1] overall since FY2018.

We strive to build a workforce which reflects the diversity of the communities in which we operate. Female representation overall is unchanged at 24 per cent. Female representation on the Executive Leadership team exceeds 50 per cent, with the Board also having 50 per cent female representation, aligned to our 40:40:20 target. *Beyond gender* strategies are gathering significant pace across the business, designed to suit local community needs – such as a focus on ethnicity in the US.

The Company also announced that the Board has approved the $1.15 billion comprehensive reline and upgrade of the No.6 Blast Furnace (6BF) at the Port Kembla Steelworks, which secures our immediate future while enabling a transition to lower emissions steelmaking as soon as it is commercially available. In this sense the reline project is our bridge to the future and critical to maintaining the sovereign capability of flat steelmaking in Australia. The relined 6BF is expected to be commissioned in mid to late 2026.

Significant strides have been taken under BlueScope's strategy, most notably in the US, with two strategic acquisitions and the expansion of the Company's best-in-class North Star mini-mill completed in the last two years. In Australia, work has commenced on a new metal coating line in Western Sydney to meet future demand for BlueScope's value-added products – the demand for which continues to grow, evidenced by a record level of COLORBOND® steel sales in FY2023.

FY2023 Performance

Underlying EBIT ROIC
14.6%

Down from 41.6% in FY2022

Free Cash Flow
$1.34Bn

Down $366M on FY2022

Three-year average ROIC
27.0%

FY2021, FY2022, FY2023

Safety
7.5 TRIFR (302 injuries)
1,657 leaders involved in HSE workshops (plus 1,541 employees involved in business-led workshops)
249 team based risk control projects completed

Sustainability
- ✔ 8.3% reduction in steelmaking GHG emissions intensity
- ✔ Accelerated feasibility study into an EAF at NZ Steel
- ✔ 24% female workforce participation
- ✔ 229 supplier assessments completed

Strategy Execution
- ✔ Progressed ramp up of North Star expansion
- ✔ Continued integration of BRM & BCP businesses
- ✔ Approved new metal coating line in Western Sydney
- ✔ 6BF reline and upgrade project on track

1. Preliminary data. Final emissions intensity figures will be published in BlueScope's FY2023 Sustainability Report. All GHG emissions data are reported on an equity accounted basis.

4.1 Historical Company Performance and Reward Outcomes

The Company's incentive awards are designed to align Executive remuneration with business performance and are weighted towards equity to drive shareholder outcomes. The table below summarises the Company's performance against a range of indicators for FY2023 and the previous four years, along with the MD&CEO's STI outcomes and Alignment Rights vesting since the introduction of the remuneration framework in FY2018.

STI outcomes for the MD&CEO have been aligned with BlueScope's performance against challenging targets set within the context of each year. The targets vary each year based on the prevailing market conditions. Alignment Rights have vested in each year since FY2020, aligning Executive reward with shareholder interests through equity ownership, and reflect sustainable multi-year performance even when taking into account the variability in market conditions between years.

	FY2019	FY2020	FY2021	FY2022	FY2023
Underlying NPAT ($M)	966	353	1,166	2,701	1,099
Underlying EBIT ($M)	1,348	564	1,724	3,787	1,608
Share price at beginning of period ($)	17.26	12.25	11.67	22.24	15.80
Share price at end of period ($)	12.05	11.69	21.96	15.90	20.55
Dividends per ordinary share (cents)	14	14	50	50	50
Buy-backs ($M)[1]	510	229	0	638	285
Reported earnings per share (cents)	189.9	19.0	237.0	549.4	217.4
Underlying EBIT ROIC	19.5%	7.6%	24.8%	41.6%	14.6%
Annual total shareholder return[2]	(30%)	(2%)	89%	(25%)	33%
MD&CEO STI award (% of maximum)[3]	80%	75%	97.6%	82%	88.9%
3-year average annual ROIC	19.3% (FY17 - FY19)	15.7% (FY18 - FY20)	17.3% (FY19 - FY21)	24.7% (FY20 - FY22)	27.0% (FY21 - FY23)
3-year total shareholder return[2]	94% (FY17 - FY19)	(9%) (FY18 - FY20)	31% (FY19 - FY21)	39% (FY20 - FY22)	90% (FY21 - FY23)
Alignment Rights Vesting (performance period)	N/A	✔ (FY18 - FY20)	✔ (FY19 - FY21)	✔ (FY20 - FY22)	✔ (FY21 - FY23)

1. Value of stock purchased during period.
2. TSR is calculated as (Close Price at end multiplied by Cumulative Dividend Factor divided by Close Price at beginning) and assumes that dividends are reinvested on the payment date.
3. The current remuneration framework was introduced in FY2018, with the first award under the STI in FY2018 and the first performance test of Alignment Rights following the end of FY2020.

4.2 FY2023 Short Term Incentive Outcomes

In assessing performance, the Board considers both what has been achieved and how it was achieved. Each Executive's behaviour is considered against the expectations outlined in Our Bond, which are the guiding principles for our conduct and how we work. The actual STI awarded can be adjusted where these expectations are deemed not to have been met.

The Board also considers the application of discretion against pre-determined principles that are outlined in Section 7.4. These include consideration of the shareholder experience, the broader employee experience and the impact of factors both within and outside of management's control. In FY2023, the Board applied their discretion to reduce the maximum award from 150 per cent to 145 per cent, to reflect below threshold performance on TRIFR.

In FY2023, management responded well to external conditions and demonstrated strong leadership to deliver significant value. Key outcomes for the year were:

- Total shareholder return of 33.0 per cent in FY2023
- Full-year result of $1.61 billion underlying EBIT and ROIC of 14.6 per cent
- Operating cash flow for the year, after capital expenditure (excluding the North Star expansion), was $1.43 billion
- Total Recordable Injury Frequency Rate (TRIFR) of 7.5 exceeded STI threshold of 7
- For FY2023, we identified 250 team-based risk control improvement projects, and completed 249
- 1,657 leaders have now participated in our expert-led training program since 2020, with a further 1,541 employees in business-led HSE learning workshops in FY2023
- Steelmaking GHG emissions intensity tracking ahead of target with a total 8.3 per cent reduction since FY2018
- Maintained total female participation at 24%, female representation on ELT now at 55%

The Board assessed the outcomes in light of business performance and the broader experience of our shareholders, customers and employees, and is satisfied that management has delivered significant value in FY2023.

More details on the MD&CEO's performance against the STI objectives is provided in the STI scorecard shown below, including a description of each performance measure and the MD&CEO's level of achievement, as determined by the Board.

MD&CEO FY2023 STI Scorecard

Measure	Target Weighting *(range of possible outcomes)*	Performance Targets: Threshold	Performance Targets: Target	Performance Targets: Stretch	FY23 Outcome	
1. BlueScope Financials	**50%** (0-100%)					
BSL underlying ROIC (%) Drive earnings growth in a capital efficient manner, targeting ROIC>WACC on average through cycle	35%	10.0%	13.3%	16.7%	**48%**	Underlying EBIT ROIC of 14.6%
BSL free cash flow (A$M)[1] Drive focus on maximising free cash flow and financial health of business.	15%	$774M	$967M	$1,161M	**30%**	Free cash flow of $1.43Bn
2. Safety	**10%** (0-20%)					
TRIFR Maintain the total recordable injuries at sustainable range	5%	Threshold	Target TRIFR 5-7	Stretch TRIFR <5	**0%**	7.5 (302 TRIs) increased on 7.1 (275 TRIs) in FY22, above the long term range of 5-7, with inclusion of scrap asset acquisitions.
HSE Risk Control Projects Focuses on reducing both the number and severity of injuries, while managing material risk controls. Completion of HSE risk control projects	5%	Threshold	Target Completion of HSE Risk Control Improvement Projects (global aggregation) 5% = 100% completion 4.5% = 90% to 99% 4% = 80% to 89% 3.5% = 70% to 79% 3% = 60% to 69% 2.5% = 50% to 59%	Stretch TRIFR <7 + 100% completion of HSE Risk Control Improvement Projects (global aggregation)	**4.5%**	99% completion of HSE Risk Control Projects (249 from 250 pledged)
3. Environmental, Social & Governance	**15%** (0-30%)					
Reduce steelmaking Scope 1 & 2 GHG emissions intensity Cumulative 1% YoY from FY2018 to FY2030. Drives focus on sustained climate action in Steelmaking activity	5%	4%	5%	6%	**10%**	Tracking ahead of target at 8.3% since FY2018; strong performance in FY2023 driven by North Star expansion ramp up and New Zealand and Australia energy and resource efficiencies
Reduce non-steelmaking Scope 1 & 2 GHG intensity 30% reduction in emissions by 2030. Assesses climate action in non-steelmaking processing activities	5%	Behind Plan	On Track to deliver 2030 non-steelmaking intensity reduction	Ahead of Plan	**7.5%**	Decreased 8.8% since FY2018; tracking close to target
Gender diversity Increase gender diversity in recruitment across all roles, including operator/trades. *Beyond gender* metrics in place	5%	30%	40%	43%	**2.75%**	Achieved 31% gender diversity in recruitment. Continued to progress initiatives to grow female representation
4. Individual Strategic Objectives	**25%** (0-50%)					
Blast Furnace No.6 Reline Develop and execute the strategy to undertake the reline of BF6 in 2025-2030	5%		Delivery to plan		**7.5%**	Significant progress made against plan
Organic growth Pursue organic growth opportunities in line with strategic plan	2.5%		Delivery to plan		**3.75%**	Good progress throughout the year in allocating capital to growth
Inorganic growth Accesses inorganic growth opportunities that create value for BlueScope	2.5%		Delivery to plan		**1.9%**	Steady progress made through out the year, inorganic growth continues to be an area of focus
People Continue to build people capability, including senior manager succession planning	5%		Delivery to plan		**7.5%**	New appointments to ELT roles announced to deliver on strategy. Senior executive succession process running well
Leadership Unity of vision and purpose at ELT and senior management levels	5%		Delivery to plan		**7.5%**	Purpose at ELT defined. Good engagement maintained during ELT transition period
Technology Advance our technology efforts, performance and innovation. Mitigate cyber risks	5%		Delivery to plan		**2.5%**	Work underway on significant technology projects
Total	**100%** (0-150%)				**133.4%**	

1. Cash flow target and actual outcome reflect cash flow after capital expenditure, excluding the impact of capital expenditure for the North Star expansion project.

FY2023 STI Outcomes for other Executive KMP

The chart below represents the range of outcomes for other Executive KMP across various elements of the scorecard.

Measure	Target Weighting *(range of possible outcomes)*	Performance Targets: Threshold	Target	Stretch	FY23 Outcome	
1. Financials	**50%** (0-100%)					
BSL underlying ROIC (%)	17.5%	10.0%	13.3%	16.7%	**24%**	BSL underlying EBIT ROIC of 14.6%
BSL free cash flow (A$M)[1]	7.5%	$774M	$967M	$1,161M	**15%**	Free cash flow of $1.43B
Business Unit Financials	25%	Threshold	Target	Stretch	**0%-50%**	Business Unit financial achievement ranged from below threshold to stretch
2. Safety	**10%** (0-20%)					
TRIFR	5%	Threshold	Target	Stretch	**0%**	TRIFR threshold not achieved
HSE Risk Control Projects	5%	Threshold	Target	Stretch	**4.5%**	HSE Risk Control Projects were marginally below Target. 249/250 planned risk control improvement projects completed
3. Environmental, Social & Governance	**15%** (0-30%)					
BSL Climate	5%	Threshold	Target	Stretch	**10%**	Tracking ahead of target
Business Unit Climate	5%	Threshold	Target	Stretch	**5%-10%**	Business Unit Climate achievement ranged from target to stretch
Inclusion and Diversity	5%	Threshold	Target	Stretch	**2.75%**	Continued to progress initiatives to grow female representation.
4. Individual Strategic Objectives	**25%** (0-50%)	Threshold	Target	Stretch	**27%-38%**	Individual strategic objectives for Executive KMP ranged from Target to Stretch
Total	**100%** (0%-150%)				**91%-145%**	**Maximum opportunity reduced to 145%**

1. Cash flow target and actual outcome reflect cash flow after capital expenditure, excluding the impact of capital expenditure for the North Star expansion project.

The performance against the FY2023 STI objectives resulted in the individual awards for Executive KMP shown below. M Vassella, T Archibald and J Nowlan elected for 100 per cent of their FY2023 STI payment to be delivered in equity.

KMP	STI Maximum ($)	% of maximum STI achieved	% of maximum forfeited	Value of cash STI ($)	Value of equity STI ($)[1,2]	Award as % of Fixed Pay
M Vassella	1,285,000	88.9%	11.1%	-	1,245,407	58.7%
T Archibald	542,017	87.4%	12.6%	-	516,009	45.9%
R Davies	363,046	60.4%	39.6%	219,376	-	31.7%
K Keast[3]	204,966	95.0%	5.0%	194,796	-	49.9%
C Zhang	485,209	96.7%	3.3%	469,035	-	50.8%
Previous KMP Executives						
P Finan[4,5]	584,522	97.2%	2.8%	568,176	-	90.5%
J Nowlan[4]	302,466	83.3%	16.7%	-	274,491	43.7%

1. The equity STI is granted in rights in the first half of the plan year which vest in accordance with assessed performance against the STI objectives. The amounts shown in this column are based on the Fair Value of $17.95 determined in accordance with AASB 2 Share-Based Payments multiplied by the number of instruments that will vest. Shares to fulfil the vesting of FY2023 STI share rights have been procured on-market.
2. In FY2023 M Vassella, T Archibald and J Nowlan elected for 100 per cent of their STI payment to be delivered in equity.
3. K Keast commenced as KMP effective 1 February 2023.
4. P Finan and J Nowlan ceased being KMP effective 31 January 2023.
5. The amount shown reflects P Finan's award under the FY2023 STI plan, pro rata to the date he ceased in his role as KMP and CY2022 project incentive (linked to the achievement of key milestones for the North Star expansion project) paid for the period 1 July - 31 December 2022.

Across the Company, over 60 per cent of our employees participate in business unit Profit Share Plans. Payouts under these plans in FY2023 reflect our business performance in a more challenging macroeconomic environment.

4.3 FY2023 Alignment Rights Outcomes

The FY2020 Alignment Rights vested in full in September 2022. The FY2021 Alignment Rights will vest in September 2023. Both the FY2020 and the FY2021 Alignment Rights Awards were subject to two performance conditions as shown in the table below.

Plan	Performance Measure	Result	Achieved	Vesting & Timing
FY2020 FY2020 to FY2022	3-year average ROIC at 10% or higher[1]	27%	✔	**100% vested in September 2022**
	Average net debt to EBITDA ratio of <1.0x over 3 years	(0.15)x	✔	
FY2021 FY2021 to FY2023	3-year average ROIC at 10% or higher[1]	29.5%	✔	**100% will vest in September 2023[2]**
	Average net debt to EBITDA ratio of <1.3x over 3 years	(0.23)x	✔	

1. The Board has exercised its discretion to exclude the approved capital spend relating to the North Star expansion from the calculation of ROIC performance in the Alignment Rights plan. This will apply for the period of the approved build and ramp up and is to ensure participants are not penalised for undertaking an investment which is expected to deliver long term profitable growth.
2. Shares to fulfil the vesting of FY2021 Alignment Rights are bought on-market.

As both performance conditions have been achieved, the Alignment Rights will vest in full. To be eligible to receive Alignment Rights, participants must have adhered to Our Bond across the performance period. All Executive KMP demonstrated adherence to Our Bond and will receive their full allocation of Alignment Rights. The Board, through the ROC, reviewed the outcomes of all reward programs and determined in FY2023 not to apply discretion to adjust the outcomes of the FY2021 Alignment Rights, or to apply malus/clawback to any vested or unvested awards.

5. Executive Remuneration Framework

BlueScope's remuneration framework is guided by the principles outlined in Section 3. The principles extend to all elements of remuneration as described in detail below.

5.1 Fixed Pay

Fixed pay recognises the market value of an individual's skills, experience, accountability and their expected sustained contribution in delivering the requirements of their role. To attract and retain experienced and capable leaders, fixed pay at BlueScope needs to be competitive, and is set at slightly above the median of the peer group noted below. A separate peer group is used as an additional reference point for US-based Executive KMP. Fixed pay includes base pay and superannuation or local retirement plans.

Remuneration peer group

The ROC has selected (and reviews annually) a peer group of companies for the purposes of benchmarking both fixed and variable remuneration. The peer group reflects the size and complexity of BlueScope with similarities on one or more of the following dimensions:

- Operate in multiple geographies
- Have manufacturing or logistics operations in Australia
- Are involved in the building and construction industry
- Have similar number of employees
- Have similar revenue, or similar market capitalisation on the ASX.

The peer group is not solely based on market capitalisation, as the ROC believes that this would lead to unmanageable fluctuations in Executive remuneration, and could result in an inability to attract and retain the skills required to manage a business operating in the complex and volatile environment in which BlueScope operates globally.

The peer group for FY2023 is broadly consistent with last year and is listed below:

- Adbri Ltd
- AGL Energy Ltd
- ALS Ltd
- Ampol Ltd
- Aurizon Holdings Ltd
- Boral Ltd
- Brambles Ltd
- CSR Ltd
- Downer EDI Ltd
- Fletcher Building Ltd
- Incitec Pivot Ltd
- Lendlease Group
- Orica Ltd
- Origin Energy Ltd
- Orora Ltd
- Qantas Airways Ltd
- Qube Holdings
- South32 Ltd
- Worley Ltd

In addition to the peer group noted above, remuneration for Executive KMP is also benchmarked against local peers in international markets, where this is appropriate for the role and the incumbent. This ensures that BlueScope is able to attract and retain local talent in regions outside Australia, particularly where pay practices are quite different, such as in the US.

As disclosed in the FY2022 remuneration report, a US-based peer group of steel and material companies was selected to benchmark both fixed and variable remuneration in the US.

The US peer group for FY2023 is listed below:

- Allegheny Technologies Corporation
- Alpha Metallurgical Resources Inc.
- Carpenter Technology Corporation
- Century Aluminum Company
- Cleveland-Cliffs Inc.
- Compass Minerals International, Inc.
- Kaiser Aluminum Corporation
- Materion Corporation
- Noranda Aluminum Holding Corporation
- Nucor Corporation
- Olympic Steel, Inc.
- Ryerson Holding Corporation
- Schnitzer Steel Industries, Inc.
- Steel Dynamics, Inc.
- SunCoke Energy, Inc.
- Worthington Industries, Inc.

5.2 Short Term Incentives

The following table summarises the STI plan that applied for Executive KMP in FY2023.

Feature	Description
Purpose	To achieve BlueScope's overall financial, safety, ESG and other strategic objectives by motivating Executives to deliver on annual objectives.
Eligibility	Includes all Executive KMP disclosed in this report.
Value / opportunity	STI opportunity is set below the median of our peer group reflecting our overall remuneration philosophy. Target and maximum STI levels (as a percentage of fixed pay) are shown below.

% of fixed pay	Target	Maximum
MD&CEO	44%	67%
Other Executive KMP	35%	52.5%

Feature	Description
Performance conditions	A summary of the performance measures and relative weightings for the FY2023 STI Plan are shown below:

Performance Measure		MD&CEO	Other Executive KMP
Financial Performance	BlueScope underlying ROIC (2/3), Free cash flow (1/3)	50%	25%
	Business unit underlying ROIC (2/3), Free Cash Flow from Operations (1/3)	0%	25%
Safety	Safety performance measures, including TRIFR and delivery of HSE risk control projects	10%	10%
ESG	Environment, social and governance measures including year on year emissions reductions targets, climate projects and diversity and inclusion targets	15%	15%
Individual Strategic Objectives	Performance measures based on the execution and implementation of key annual business priorities	25%	25%
TOTAL		**100%**	**100%**

Refer to Section 4.2 for the MD&CEO's detailed STI scorecard, including performance targets.

Financial Measures
Financial measures are selected to align with BlueScope's annual budget, targets and longer term plan. They are designed to reinforce and drive business strategy.

Safety
Safety remains BlueScope's number one priority. A gateway of no fatalities applies, overlayed with a TRIFR target, and a requirement to meet additional leading indicators in order to achieve target or above.

TRIFR includes Fatalities, Lost Time Injuries, Medical Treatment Injuries and work restrictions of more than seven days. Combined with the leading indicators, the safety objective focusses leaders on reducing the severity of incidents and injuries while building Health, Safety and Environment capability and identifying and implementing high level controls for material risks.

Environment, Social and Governance
Reflecting the critical focus area of sustainability, the ESG measures include targets for BlueScope's GHG emissions intensity reduction, climate action projects at Group and business unit level, and inclusion and diversity objectives. This reflects BlueScope's commitment to climate action and a continued focus on inclusion and diversity.

Individual Strategic Measures
Performance measures based on the execution and implementation of key annual business priorities.

Feature	Description
Target setting	Performance targets for the STI, including Threshold, Target and Stretch levels of performance, are set by the Board in the first quarter of the year for all Executive KMP. Threshold is the minimum level of performance at which a payment can be made, and Stretch is the level at which the maximum STI for that measure is awarded. The Board takes care to set performance targets that are challenging yet sufficiently motivating to drive Executive performance towards the objectives. Targets are set with reference to annual budgets and business plans, economic conditions and market outlook, and are set with a range between Threshold and Stretch to enable outperformance to be rewarded.
Performance assessment	All performance conditions under the STI are defined and measurable. The Board, on recommendation from the ROC, approves the targets and assesses the performance outcomes of the MD&CEO. The ROC, on recommendation from the MD&CEO, approves the targets and assesses the performance outcomes of the other members of the ELT. The Board has adopted a rigorous process for assessing performance under the STI plan, which includes verification of financial results by the Audit Committee. The Board has discretion to adjust STI outcomes up or down as described in Section 7.4.
Payment	Each Executive KMP may elect to take none, 50 per cent or 100 per cent of their potential STI payment in equity, with the remainder in cash. The equity, if selected, is in the form of share rights, which are awarded at the beginning of the performance year based on face value at a price determined as the volume weighted average price of the Company's shares over the three-month period to 31 August. Each share right that vests entitles the holder to acquire one fully paid ordinary share in the Company. Given the conservative STI opportunity relative to market peers, the long term deferral through the Alignment Rights (of three years), and the ability to exercise malus on unvested Alignment Rights, there is no additional deferral of STI.
Instrument	If participants elect to take all or part of their STI in equity, each Share Right vests into one fully paid ordinary share in the Company, subject to time and performance conditions being met. No dividends are payable on Share Rights.
Exercise and Expiry	If participants elect to take all or part of their STI in equity, vested Share Rights can be exercised in a trading window before 31 December 2026 or they will lapse. Exercise occurs automatically on vesting unless the participant elects not to exercise prior to the end of the performance period.
Project Incentive	In his role as Chief Executive North America from 1 July 2022 to 31 December 2022, P Finan participated in a specific annual incentive linked to the delivery of key project milestones for the North Star expansion and aligned with the competitive US market. The Project Incentive was a cash project incentive equal to the target and maximum under the existing Short Term Incentive Plan, and offered in addition to this Plan, with performance objectives specifically linked to the delivery of key operational milestones, budget and safety targets for the North Star expansion project. The performance period for the plan ran from 1 January to 31 December each year, with payment made annually in or around February for the preceding calendar year. The final year for the project incentive was 2022 with the final payment being made in February 2023.

5.3 Alignment Rights

The following table summarises Alignment Rights plans that applied in FY2023.

Feature	Description
Purpose	The Alignment Rights plan is intended to create long term, sustainable value and shareholder alignment through equity ownership. Vesting of the Alignment Rights is dependent on a minimum level of business performance, to ensure shareholder value.
Eligibility	Includes all Executive KMP disclosed in this report.
Opportunity	The quantum of the Alignment Rights is conservative compared to the remuneration peer group, reflecting the greater potential for payment (subject to performance conditions being met). Maximum Alignment Rights levels (as a percentage of fixed pay) are shown below. **% of fixed pay** — **Maximum** **MD&CEO** — 100% **Other Executive KMP** — 65%
Allocation Value	The allocation of share rights is based on face value. The quantum of Alignment Rights awards is calculated based on the percentage of fixed pay divided by the face value of shares using the volume weighted average price (VWAP) over the three-month period to 31 August at the beginning of the performance period. No amount is payable by participants on exercise. The Alignment Rights are specifically designed for the cyclicality of our sector, market and share price volatility. The allocation methodology, using a three-month VWAP, smooths out much of the share price variation.
Instrument	Each Alignment Right vests into one fully paid ordinary share in the Company subject to time and performance conditions being met. No dividends are payable on Alignment Rights.
Vesting conditions	The hurdles for Alignment Rights are aligned with the delivery of sustainable earnings over a three-year period. The vesting conditions are: • As a 'gateway' condition, to be eligible for any vesting, an Executive must conduct themselves in accordance with Our Bond. An assessment for each Executive against this criterion is completed by the Board each year • Minimum 10 per cent rolling three-year average underlying ROIC, which is set at a level representative of long term median performance across BlueScope's peer groups and which broadly achieves the Company's risk-adjusted cost of capital. Designed to reflect a longer term, through-cycle perspective • Average net debt to EBITDA ratio of <1.3x over three years, which ensures Executives focus on sustainable investment, and protection of the Company's balance sheet. If each of the above conditions is met, all Alignment Rights in the relevant year will vest. If they are not achieved, then no Rights will vest. Board discretion continues to apply to protect against unintended outcomes. Each share right that vests entitles the holder to acquire one ordinary fully paid share in the Company. Alignment Rights are not eligible for re-testing.
Target setting	Targets for the Alignment Rights have been deliberately set at a threshold level of performance expectations to deliver vesting to participants and alignment with shareholders through the performance cycle. While the Board, on recommendation from the ROC, considers and approves the targets at the commencement of the performance period, they are not expected to fluctuate from year to year.
Performance assessment	The Board, on recommendation from the ROC, assesses the performance outcomes after the end of the performance period. Each participant is subject to an individual assessment of their conduct against Our Bond, which is undertaken by the MD&CEO for the ELT (including KMP), and by the Board in respect of the MD&CEO. Performance against the financial measures includes verification of financial results by the Audit Committee.

Feature	Description
	The Board has discretion to adjust Alignment Rights outcomes up or down to ensure they accurately reflect the achievement of results consistent with BlueScope's strategic priorities, in line with Our Bond and enhance shareholder value.
Exercise and Expiry	Vested Alignment Rights must be exercised during a trading window prior to the 31 December five years after the grant. Exercise occurs automatically on vesting unless the participant elects not to exercise prior to the end of the performance period.
Clawback	A clawback provision applies to all participants, which allows the Board to clawback Alignment Rights awards, any resulting shares from exercise of the awards or the financial benefit of those resulting shares arising from the awards made to ELT members at the time any of the following circumstances occurred: • Fraud, dishonesty or gross misconduct • Breach of law or material breach of BlueScope policies or standards • Bringing BlueScope into disrepute • Material misstatement in financial statements • Certain oversight or supervision failures • Any other act, error, omission or circumstance that would result in a participant obtaining an inappropriate benefit. The clawback applies for a period of three years after the vesting of any Alignment Rights.
Hedging	Executives are not permitted to hedge (such as 'cap and collar' arrangements) Alignment Rights awards.

5.4 Changes in FY2024

The Board remains cognisant of the importance of ensuring market competitive fixed remuneration for executive KMP. The Board therefore monitors and reviews remuneration annually, with regard to economic indicators, market movements and talent attraction and retention challenges. In recognition of the significant inflationary pressures in our operating markets, the Board has decided to increase the fixed remuneration of the MD&CEO by 3.5 per cent in FY2024

5.5 Executive Service Agreements

The following table outlines the summary terms of employment for the MD&CEO and other Executive KMP.

Role	Term of agreement	Notice period by Executive	Maximum notice period by Company	Termination benefits
MD&CEO	Open	12 months	12 months	12 months fixed pay
Other Executive KMP	Open	6 months	6 months	12 months fixed pay

Agreements are also in place for Executive KMP detailing the approach the Group will take with respect to termination payments and with respect to exercising its discretion on the vesting of Alignment Rights in the event of a 'Change of Control' of the organisation.

Executive KMP are also subject to restraints which will apply upon cessation of employment to protect the business interests of BlueScope. No separate amount is payable in relation to these restraints over and above the contractual entitlements outlined above.

The maximum payment on termination (including notice) is capped at 12 months fixed pay for these Executives.

5.6 FY2023 Executive Statutory Remuneration

The table below sets out remuneration for Executive KMP in FY2023, along with comparative information from FY2022 in accordance with statutory reporting requirements.

Name	Year	Salary and fees[1] ($)	Movement in annual leave provision[2] ($)	Short Term Incentive[3] ($)	Non-monetary[4] ($)	Other[5] ($)	Sub-total ($)	Super-annuation[6] ($)	Movement in Long Service Leave[2] ($)	Share Rights[7] ($)	Total ($)	% of performance related pay[8] %
Executive Director												
M Vassella	2023	1,908,538	36,209	-	100,799	-	2,045,546	27,500	85,925	3,281,416	5,440,387	60%
	2022	1,847,328	(74)	-	-	-	1,847,254	27,500	57,651	2,995,481	4,927,886	61%
KMP Executives												
T Archibald	2023	998,199	(15,035)	-	-	-	983,164	27,500	33,460	1,215,542	2,259,666	54%
	2022	961,992	2,659	506,231	1,232	-	1,472,114	27,500	10,156	718,483	2,228,253	55%
R Davies	2023	624,563	(610)	219,376	-	-	843,329	62,456	60,447	392,654	1,358,886	45%
	2022	308,677	34,702	156,743	-	-	500,122	30,868	-	164,082	695,072	46%
K Keast[9,10]	2023	384,375	29,566	194,796	157,819	-	766,556	11,460	9,608	350,803	1,138,427	48%
	2022	-	-	-	-	-	-	-	-	-	-	-
C Zhang[11]	2023	799,129	(14,706)	469,035	501,663	-	1,755,121	119,869	-	963,704	2,838,694	50%
	2022	722,581	34,214	356,425	459,972	-	1,573,192	108,388	-	737,789	2,419,369	45%
Previous KMP Executives												
P Finan[12]	2023	600,789	-	568,176	743	-	1,169,708	20,228	-	414,894	1,604,830	61%
	2022	916,663	(60,965)	793,868	689	-	1,650,255	30,742	-	924,697	2,605,694	66%
J Nowlan[12]	2023	554,161	24,955	-	-	-	579,116	16,183	(24,038)	664,857	1,236,118	54%
	2022	909,914	1,085	444,475	1,250	-	1,356,724	27,500	31,692	690,471	2,106,387	54%
Total 2023		5,869,754	60,379	1,451,383	761,024	-	8,142,540	285,196	165,402	7,283,870	15,877,008	
Total 2022[13]		5,667,155	11,621	2,257,742	463,143	-	8,399,661	252,498	99,499	6,231,003	14,982,661	

1. Exchange rate differences affected overseas based KMP (R Davies, C Zhang and P Finan).
2. Negative movement in annual leave provision indicates leave taken during the year exceeded leave accrued during the current year.
3. The amount disclosed represents STI payable in cash. For P Finan this includes an award under the CY2022 Project Incentive (1 July 2022 - 31 December 2022).
4. Non-monetary includes Executive health checks, fringe benefits tax, benefits provided under the Company's relocation policy and spouse flights.
5. There were no other cash payments.
6. No other post employment benefits apply in addition to superannuation. No termination benefits were paid in FY2023.
7. Includes all awards of share rights including Awards under Short Term and Long Term Incentive Plans. In FY2023, M Vassella, T Archibald and J Nowlan elected to receive all of their STI in equity which is included as a share-based payment. The amount attributable to STI equity for M Vassella: $1,245,407 (69,382 shares), T Archibald: $516,009 (28,747 shares), J Nowlan: $274,491 (15,292 shares). Approval for the STI and LTI awards for M Vassella was obtained under Listing Rule 10.14.
8. The percentage of remuneration that is performance related includes STI and LTI based on accounting values and not vested amounts received by executives.
9. K Keast commenced as KMP effective 1 February 2023.
10. K Keast share based payments includes sign-on rights totalling $129,897.
11. C Zhang share based payments includes sign-on shares totalling $353,676.
12. P Finan and J Nowlan ceased being KMP effective 31 January 2023.
13. FY2022 total does not include A Highnam and G Stephens who ceased being KMP effective 8 October 2021 and 31 December 2021 respectively.

5.7 FY2023 Realised Pay

The following table outlines actual pay earned or realised by Executive KMP during FY2023. This is a voluntary disclosure and is provided as additional information to the statutory remuneration table contained in Section 5.6. This table is different from the amounts shown in the statutory table, as it excludes accruals and estimations and is therefore a closer measure of 'take home pay' earned by Executives in respect of the current year. Amounts are presented inclusive of any income tax that is payable.

Realised pay includes the base salary, superannuation/retirement and other benefits paid or payable in relation to FY2023. It also includes the realised value of STI awards earned in relation to the FY2023 performance year (both cash and equity components), and the realised value of LTI awards with a performance period ending on 30 June 2023.

The realised value of equity awards is calculated as the difference between the allocation price, or price on grant, and the closing share price at the end of the performance period. This is different from the valuation of equity awards presented in the statutory table which uses the accounting standard for expensing equity awards over time.

Other benefits includes Executive health checks, fringe benefits tax, benefits provided under the Company's relocation policy and spouse flights. Tax equalisation payments that include the difference between the amounts withheld by the Company and the actual tax paid on behalf of international assignees, are not included in the calculation of realised pay, however are included in the statutory table.

Name	Year	Fixed Remuneration[1] $	Other Benefits[2] $	STI (Cash)[3] $	STI (equity)[4] $	LTI (value at grant)[5] $	Total $	Share price change (STI)[6] $	Share price change (LTI)[6] $	Total including share price change $
M Vassella	2023	1,936,038	100,799	-	1,142,826	1,799,998	4,979,661	282,974	1,318,649	6,581,284
	2022	1,874,828	-	-	1,033,601	1,799,989	4,708,418	(320,089)	592,373	4,980,702
T Archibald	2023	1,025,699	-	-	473,506	617,490	2,116,695	117,245	452,363	2,686,303
	2022	989,492	1,232	506,231	-	617,494	2,114,449	-	203,216	2,317,665
R Davies	2023	687,019	-	219,376	-	250,502	1,156,897	-	183,514	1,340,411
	2022	339,545	-	156,743	-	208,156	704,444	-	68,504	772,948
K Keast[7]	2023	395,835	130,206	194,796	-	474,495	1,195,332	-	347,607	1,542,939
	2022	-	-	-	-	-	-	-	-	-
C Zhang	2023	918,998	417,521	469,035	-	-	1,805,554	-	-	1,805,554
	2022	830,969	393,212	356,425	-	-	1,580,606	-	-	1,580,606
Previous KMP Executives										
P Finan[8]	2023	621,017	743	568,176	-	-	1,189,936	-	-	1,189,936
	2022	947,405	689	774,143	-	617,255	2,339,492	-	203,137	2,542,629
J Nowlan[8]	2023	570,344	-	-	251,882	-	822,226	62,368	-	884,594
	2022	937,414	1,250	444,475	-	584,991	1,968,130	-	192,519	2,160,649

1. Fixed Remuneration is salary inclusive of superannuation and allowances.
2. Other benefits includes Executive health checks, fringe benefits tax, benefits provided under the Company's relocation policy and spouse flights.
3. STI (cash) is the amount relating to performance in the FY2023 financial year which will be paid in cash in September. For P Finan, this amount includes a Project Incentive for the period 1 January – 30 December 2022 that was paid during FY2023.
4. STI (equity) is the amount relating to performance in FY2023 which the Executive elected to take as equity (share price at grant of $16.4715 based on 3 month VWAP to 31 August 2022).
5. The FY2021 LTI award will vest in September, the value at allocation was $11.8609 per share (3 month VWAP to 31 August 2020).
6. Share price change is equal to the number of rights vested multiplied by the difference in the allocation price and the closing price at the end of the performance period (30 June 2023).
7. K Keast commenced as KMP effective 1 February 2023.
8. P Finan and J Nowlan ceased being KMP effective 31 January 2023.

A portion of the value realised by Executives from STI equity and LTI is due to changes in the share price from the time of grant to vesting. In this way, reward for the Executives is automatically aligned with the outcomes for shareholders over the performance period.

BlueScope's share price growth over the vesting periods for the FY2021 LTI and FY2023 STI resulted in an increase in value for these awards since grant. The charts below indicate the portion of the vested value attributed to the growth in share price.


Music
Centre

6. Non-Executive Director Fees

6.1 Policy and approach

Board and Committee Fees

There was no increase in the fees payable to Non-Executive Directors during FY2023.

Non-Executive Directors receive a base fee in relation to their service as a Director of the Board, and an additional fee for membership of, or for chairing a Committee. The Chairman, considering the greater time commitment required, receives a higher fee but does not receive any additional payment for service on Committees.

Non-Executive Director Fee Sacrifice Plan

Non-Executive Directors can participate in a fee sacrifice plan, which enables them to build meaningful levels of equity over time. The plan provides an automated mechanism for participants to acquire shares, recognising that Non-Executive Directors may be limited in their ability to purchase shares because of Australian insider trading laws. From 1 July 2022, the plan was extended to allow US-resident Directors to participate and ensure it operates effectively in the US tax environment. Details of the plan are shown in the table below.

Role		Base Fees (incl super)
Chairman[1]		$521,725
Non-Executive Director		$183,370
Audit Committee	Chair	$41,000
	Member	$21,000
Remuneration and Organisation Committee	Chair	$41,000
	Member	$21,000
Health, Safety and Environment Committee	Chair	$41,000
	Member	$21,000
Risk and Sustainability Committee	Chair	$41,000
	Member	$21,000

1. Additional fees are not payable to the Chairman for membership of Committees

Feature	Description
Eligibility	Non-Executive Directors who are Australian or US residents.
Year of grants	The plan will operate from 1 July to 30 June.
Grant dates	Rights are allocated in two tranches. • Tranche One Share Rights: The trading window following the release of the full year results. • Tranche Two Share Rights: The trading window following the release of half year results.
Value and instrument	In a trading window prior to the beginning of the plan year, Non-Executive Directors can elect to sacrifice between 20 and 100 per cent of their pre-tax base fees in return for a grant of share rights. Each right entitles the Director to acquire one ordinary share in the Company. The number of rights granted is equivalent to the fees sacrificed divided by the three-month volume weighted average price to 31 August (tranche one) or 28 February (tranche two) in the plan year.
Vesting period	Tranche One Share Rights will vest shortly after 31 December, while Tranche Two Share Rights will vest shortly after 30 June. For Australian tax resident Directors, share rights are automatically exercised and shares allocated on vesting. The vested shares are held in the BlueScope Steel Employee Share Plan Trust during the restricted period. From FY2023, for US tax resident Directors who elect to participate in the plan, rights will remain as vested share rights until exercise and allocation of shares, which is automatic at the end of the restriction period or on the date the Director ceases to be a Director of the Company.
Trading Restriction Period	There is a trading restriction of 15 years after the date the Tranche One Share Rights are granted, or the date the participant ceases to be a Director of the Company, if that occurs earlier, unless the Company determines otherwise.
Exercise	No price is payable on vesting and exercise of rights.
Performance conditions	As this is a fee sacrifice plan, no performance conditions apply to the rights beyond the service condition. Participants must remain in office for the full vesting period for all of the Share Rights to vest. The vesting period is a continuous six-month period in relation to each Tranche of Share Rights.

Feature	Description
Cessation of Employment	If a participant ceases to be a Director after Share Rights have been exercised, they will retain the Shares held by the Trustee on their behalf, the Trading Restriction Period will end and they are free to sell or otherwise deal in those Shares (subject to complying with applicable law and the Company's Securities Trading Policy). If a participant ceases to be Director after the Grant Date for a Tranche of Share Rights but before the end of the Vesting Period for that Tranche, a pro rata number of the Share Rights in that Tranche will lapse. The Board may determine (in its absolute discretion) that the remaining Share Rights will vest and be exercised on the date the participant ceases to be a Director.
Disposal restrictions	At the earlier of 15 years or retirement from the Board, Non-Executive Directors can access their shares or share rights.
Hedging	Non-Executive Directors are not permitted to hedge (such as 'cap and collar' arrangements) share rights or restricted shares under the Fee Sacrifice Plan.
Acquisition of shares	The shares are purchased on market. Additional shares may be purchased by Non-Executive Directors on market at the prevailing share price in accordance with the Company's Securities Trading Policy.

Travel Allowance

A travel allowance of $5,000 per international trip is payable, to compensate Board members undertaking scheduled international business travel as a consequence of the global nature of the organisation.

Superannuation

Compulsory contributions per Director are paid on behalf of each Director unless they have elected an exemption, or are otherwise exempt due to their resident status, with no other retirement benefits provided.

Minimum Shareholding

Non-Executive Directors are expected to build a shareholding in the Company equivalent to one year's base fees. From 1 July 2022, the Minimum Shareholding Policy for Non-Executive Directors has been updated to reflect the operation of the Fee Sacrifice Plan in the US.

Maximum Fee Pool

The maximum fee pool limit is $3,250,000 per annum (inclusive of superannuation) as approved by shareholders at the Annual General Meeting in 2022. Total fees paid to Directors for the year ended 30 June 2023 amounted to $2,515,146 (FY2022 $2,081,853).

6.2 FY2023 Non-Executive Director statutory remuneration

Details of the FY2023 audited remuneration for each Non-Executive Director are set out in the following table.

		Short term benefits					
Name	Year	Fees[1] $	Non-monetary[2] $	Sub-total $	Post-employment benefits[3] $	Share Based Payment[4] $	Total $
Non-Executive Directors							
J Bevan	2023	534,915	-	534,915	6,810	-	541,725
	2022	467,607	-	467,607	-	49,002	516,609
E Crouch	2023	187,875	-	187,875	6,810	88,680	283,365
	2022	245,101	-	245,101	23,568	-	268,669
R Dee-Bradbury	2023	242,054	-	242,054	23,316	-	265,370
	2022	225,609	-	225,609	22,061	-	247,670
J Lambert	2023	249,696	-	249,696	-	35,459	285,155
	2022	208,967	-	208,967	23,568	34,437	266,972
K Conlon	2023	266,370	-	266,370	-	-	266,370
	2022	248,670	-	248,670	-	-	248,670
Z Zhang	2023	244,713	2,783	247,496	659	-	248,155
	2022	109,751	1,827	111,578	-	-	111,578
K Johnson	2023	223,697	1,411	225,108	-	35,356	260,464
	2022	114,751	1,827	116,578	-	-	116,578
P Alexander[5]	2023	179,896	-	179,896	-	-	179,896
	2022	-	-	-	-	-	-
J McAloon[5]	2023	168,526	-	168,526	16,120	-	184,646
	2022	-	-	-	-	-	-
Total 2023		2,297,742	4,194	2,301,936	53,715	159,495	2,515,146
Total 2022[6]		1,620,456	3,654	1,624,110	69,197	83,439	1,776,746

1. There were no changes in FY2023 to Chairman, Director's base fees and no changes to any Committee fees. Fees includes travel allowances. J Bevan, E Crouch, J Lambert and K Conlon have elected superannuation guarantee exemptions. The additional superannuation allowance has been included under fees. E Crouch, J Lambert and K Johnson have elected to sacrifice a portion of their fees in exchange for BlueScope shares. Fees have been reduced to reflect these sacrificed amounts: E Crouch - $91,685, J Lambert - $36,674 and K Johnson - $36,674.
2. Non-monetary short term benefits includes tax advice for Z Zhang and K Johnson.
3. Non-Executive Directors receive statutory superannuation contributions in line with the Superannuation Guarantee unless they elect an exemption. No other post-employment benefits apply.
4. Share-based payments represent the fair value of the fee sacrificed shares. The fair value has been assessed at $16.84 (Tranche 1) and $16.63 (Tranche 2).
5. P Alexander and J McAloon were appointed to the role of Non-Executive Director on 30 September 2022.
6. FY2022 total does not include P Bingham-Hall and M Hutchinson who ceased being Non-Executive Directors of the Company effective 31 October 2021 and 17 May 2022 respectively.

7. Remuneration Governance

7.1 Role of the Remuneration and Organisation Committee (ROC)

The Board oversees the Company's People and Remuneration strategy and policies, both directly and through the ROC. The ROC, which consists entirely of independent Non-Executive Directors, seeks input from the MD&CEO and the Chief People Officer, who attend ROC meetings, except where matters relating to their own remuneration are considered. The interaction with the Board, other Committees, management, and other stakeholders is shown in the diagram below.

Consultation with shareholders and other stakeholders

- Management may seek its own independent advice with respect to information and recommendations relevant to remuneration

Board

The Board is responsible for:

- approving BlueScope's remuneration strategy
- determining the quantum of remuneration for Non-executive Directors and MD&CEO

The Board has overarching discretion with respect to any awards made under the Company's incentive plans

Remuneration consultants and other external advisors

- Provide independent advice, information and recommendations relevant to remuneration decisions
- Any advice provided by external advisors is used to assist the Board – it is not a substitute for the Board and ROC procedures
- No remuneration recommendations as defined in section 9B of the Corporations Act 2001 were provided in FY2023

Management

- Provides information relevant to remuneration decisions and makes recommendations to the ROC
- Obtains remuneration information from external advisors to assist the ROC (i.e. market data, legal, tax and accounting advice)

Remuneration and Organisation Committee (ROC)

The ROC is delegated responsibility by the Board to review and, where relevant, make recommendations on:

- the People and Remuneration strategy
- monitoring and measuring culture
- remuneration policies and framework for the Company's Directors and Executives
- ELT succession planning and talent development
- ELT terms of appointment
- performance and remuneration outcomes for the ELT
- Inclusion and diversity principles and objectives
- Social impact priority areas and plans

Audit Committee

The Audit Committee supports the ROC by:

- reviewing earnings figures which form the basis for variable pay awards

Risk & Sustainability Committee

The Risk & Sustainability Committee supports the ROC by:

- providing advice relating to material risk issues, behaviours and/or compliance breaches that may affect deliberations

7.2 Activities of the ROC in FY2023

The major activities of the Committee in FY2023 are outlined below.

Area	Activities
Remuneration	• Setting STI objectives and targets for the year and reviewing fixed pay for the ELT • Submitting Group remuneration outcome recommendations to the Board, taking into account the overall financial result against the risk management framework, strategic objectives and qualitative factors • Considering individual performance and impact on individual variable reward outcomes • Undertaking a review of the operation and effectiveness of performance and reward programs across the Group • Considering and recommending the application of discretion in relation to variable reward outcomes for Executives
Talent, Succession & Leadership	• Reviewing talent and succession plans for critical roles • Reviewing leadership capability for today and for the future • Overseeing activities aimed at optimising the employee's experience throughout their career at BlueScope
Social Impact, Risk & Governance	• Overseeing the results of consequence management concerning conduct and regulatory breaches, as well as incidents of behaviour that deviate from the Group's risk appetite, desired culture, or Our Bond • Reviewing the social impact priorities and outcomes from the due diligence process • Reviewing the progress of the Group-wide people and payroll governance framework which covers wages and benefits, hours of work and culture • Monitoring progress on diversity and inclusion objectives, particularly focussed on, but not limited to, gender diversity, and approve targets • Considering a range of governance-related topics concerning people and remuneration

7.3 Independent Remuneration Consultant

The ROC engages and considers advice from independent remuneration consultants where appropriate in relation to remuneration matters and Director fees. Such consultants report directly to the ROC. Potential conflicts of interest are considered in selecting remuneration consultants and their terms of engagement regulate their level of access to, and require independence from, BlueScope's management. In addition, the ROC requires that advisors on KMP remuneration not independently receive fees from management for work not approved by the Committee.

Any advice from external consultants is used as a guide and is not a substitute for thorough consideration of all the issues by the ROC. The Chairman of the Board does not participate in any discussions relating to the determination of his own fees.

During FY2023, the ROC employed the services of independent remuneration advisors to provide information and advice on remuneration strategy and structure including market practice which covers Executive KMP. No remuneration recommendations as defined in section 9B of the *Corporations Act 2001* were provided.

7.4 Board discretion

The ROC and the Board consider it critical to be able to exercise appropriate discretion to ensure that remuneration outcomes for Executives appropriately reflect the performance of the Group and individuals and meet shareholders' expectations. Some of the ways this discretion can be exercised are outlined below.

Element	Terms
Variable reward outcomes	The Board retains the discretion to limit, defer or cancel any STI or LTI awards in exceptional circumstances, including determining that a reduced award or even no award should be paid/vest. The Board is also able to moderate variable reward outcomes in circumstances where the calculated result does not align with employee, customer and shareholder experience. In determining whether any discretion should be applied, the Board considers the extent to which reward outcomes are: • Aligned with shareholder experience • Aligned with the employee experience below ELT • A result of factors within management's influence • Appropriately reflective of management's effort in both responding to, and capitalising on, market conditions throughout the year. In FY2023, the Board applied their discretion to reduce the maximum award from 150 per cent to 145 per cent, to reflect below threshold performance on TRIFR.

Element	Terms
Malus/Forfeiture	In the event of serious misconduct by management which undermines the Company's performance, financial soundness and/or reputation, or inappropriate ethics and/or behaviour, the Board has absolute discretion to cancel and withdraw any unvested STI or LTI awards that Executives elect to take in cash or equity. Misconduct includes misrepresentation or material misstatements due to errors, omissions or negligence.
Clawback	The Board has discretion in certain circumstances to claw back Alignment Rights awards, resulting shares or the financial benefit of those shares. These circumstances include fraud or gross misconduct, breach of law, material breach of policies or standards, bringing BlueScope into disrepute, material misstatement in financial statements, certain oversight failures or any other circumstances where there would be an inappropriate benefit.
Change of control	The Board may permit Share Rights or Alignment Rights to vest if, at any time while there are Share Rights or Alignment Rights which have not lapsed or vested, a takeover bid is made to acquire the whole of the issued ordinary share capital of the Company or a transaction is announced by the Company which, if implemented, would result in a person owning all of the issued shares in the Company. The Company must permit the Share Rights and Alignment Rights to vest if a person acquires more than 50 per cent of the issued share capital of the Company provided that the Board determines that the performance hurdles have been satisfied as assessed at that time having regard to the shorter performance period.

7.5 Securities Trading Policy

The Company's Securities Trading Policy prohibits employees from dealing in the Company's securities while in possession of material non-public information relevant to the entity. It also prohibits entry into transactions in associated products that limit the economic risk of participating in unvested entitlements under equity-based remuneration schemes. In addition, nominated employees, including KMP, are prohibited from dealing in the Company's securities outside prescribed trading periods.

7.6 Minimum shareholding requirements

A key principle of the remuneration framework is to encourage Executives to behave like owners. The Board believes that the interests of all KMP should be closely aligned to those of shareholders through significant exposure to the Company's share price and dividends. Accordingly, the minimum shareholding requirements, as outlined in this table, are in place.

	Minimum Shareholding Requirement
Non-Executive Directors	100% of base fees
MD&CEO	200% of fixed pay
Executive Leadership Team (including KMP)	100% of fixed pay

The minimum shareholding requirement includes the aggregate value of current shareholdings and 50 per cent of vested, but unexercised share right awards for Executive KMP. For Australian Non-Executive Directors, it includes the aggregate value of current shareholdings. For US-based Directors, the requirement includes the aggregate value of current shareholdings and vested rights held under the Non-Executive Director fee sacrifice plan.

Members of the ELT, including Executive KMP, are expected to build their shareholding progressively over a reasonable period. The ROC regularly monitors the shareholding of the ELT. The Alignment Rights plan is an important mechanism to drive Executive share ownership through the regular vesting of rights on the achievement of the threshold performance hurdles. As at 30 June 2023, most Executive KMP hold shares greater than their minimum shareholding requirement, and those who do not are new to the KMP role and are on track to achieving this requirement.

8. Additional Statutory Disclosures

8.1 Share rights awarded as remuneration and holdings

The number of rights over ordinary shares in the Company held during the financial year by each Director of the Company and other Executive KMP, including their related parties, as well as the value of share rights granted and exercised, are set out in the tables which follow. Vesting is subject to achieving challenging performance targets over the performance period.

There were no options or rights vested and unexercisable at the end of FY2023. No amount is payable on the exercise of vested options. There have been no grants of options or rights post year end.

All share rights referred to in the tables below were issued by the Company.

Share rights holdings for FY2023

	Balance at 30 June 2022 #	Granted in year ended 30 June 2023[1] #	Exercised in year ended 30 June 2023[2] #	Lapsed in year ended 30 June 2023[3] #	Balance at 30 June 2023 #	Vested and not yet exercised at 30 June 2023 #	Unvested at 30 June 2023 #	Total Share Rights vested in year ended 30 June 2023 #	Value of Share Rights granted during the year at grant date[4] $	Value of Share Rights exercised during the year[5] $
Non-Executive Directors										
J Bevan	1,310	-	1,310	-	-	-	-	-	-	19,702
E Crouch	-	5,297	2,813	-	2,484	2,484	-	5,297	88,680	49,621
J Lambert	921	2,118	2,046	-	993	993	-	2,118	35,459	33,697
K Johnson	-	2,112	-	-	2,112	2,112	-	2,112	35,356	-
Executive Director										
M Vassella	429,153	196,217	195,338	8,631	421,401	69,382	352,019	219,845	3,409,801	3,144,942
KMP Executives										
T Archibald	131,827	73,647	51,617	4,159	149,698	28,747	120,951	80,364	1,283,260	831,034
R Davies	58,133	26,554	17,400	-	67,287	-	67,287	17,400	451,418	280,140
K Keast[6]	118,055	-	-	-	118,055	-	118,055	-	-	-
C Zhang	69,017	36,594	-	-	105,611	-	105,611	-	622,098	-
Previous KMP Executives										
P Finan[7]	201,493	44,225	123,761	-	121,957	-	121,957	123,761	751,825	1,968,016
J Nowlan[7]	124,889	56,959	48,900	3,071	129,877	15,292	114,585	64,192	985,748	787,290

1. The number of share rights granted includes rights awarded under the FY2023 Alignment Rights Award which are subject to Company performance hurdles. M Vassella, T Archibald and J Nowlan elected to receive share rights under the FY2023 STI Award. The number of share rights granted for the Non-Executive Directors (NED) includes the FY2023 NED Fee Sacrifice Plan (Tranche 1 and Tranche 2). As per S.300 (1)(d) of the Corporations Act, Susan Stark, President BlueScope Buildings North America is in the top five most highly remunerated officers of the Company. S Stark was granted 28,717 share rights under the FY2023 Alignment Rights Award and 26,396 share rights under the Sign-on Award (Tranche 2) which was issued in FY2023.
2. The number of shares issued is equal to the number of rights exercised and no amount was paid or remains unpaid for each share issued. For M Vassella this amount includes performance rights in respect of the FY2022 STI Award which vested in FY2022 and were exercised during FY2023.
3. The number of shares lapsed during the year relates to: FY2023 STI Award for M Vassella, T Archibald and J Nowlan.
4. External valuation advice from PricewaterhouseCoopers Securities Limited has been used to determine the value of share rights awarded in the year ended 30 June 2023. The valuation has been made using the Black-Scholes Option Pricing Model (BSM). The fair value per instrument of the Share Rights granted in the year ended 30 June 2023 was: FY2023 Alignment Rights Award - $17.00; FY2023 STI Award - $17.95; FY2023 NED Fee Sacrifice Plan Tranche 1 - $16.84 and Tranche 2 - $16.63.
5. Share rights exercised during the year includes the FY2022 STI Award, FY2020 Alignment Rights Award, FY2020 Project Equity Award (Tranche 1 and Tranche 2), FY2022 NED Fee Sacrifice Plan (Tranche 2) and FY2023 NED Fee Sacrifice Plan (Tranche 1). The value of the share rights exercised during the year was at the date of exercise which was 1 July 2022 for the FY2020 Project Equity Award (Tranche 1 and Tranche 2), 12 July 2022 for the FY2022 NED Fee Sacrifice Plan (Tranche 2); 2 September 2022 for the FY2022 STI Award and FY2020 Alignment Rights Award; 9 January 2023 for the FY2023 NED Fee Sacrifice Plan (Tranche 1). The share price at those dates was $15.76, $15.04, $16.10 and $17.64 respectively.
6. K Keast commenced as KMP effective 1 February 2023. The opening balance is reflected from this date.
7. P Finan and J Nowlan ceased being KMP effective 31 January 2023. The closing balance is reflected from this date.

There were 3,654,869 unvested securities on issue at the time of this report and 1,610,776 shares issued during the year as a result of the exercise of rights over unissued shares.

The table below sets out the details of each specific share right tranche issued by the Company and awards outstanding during FY2023 for Executive KMP.

2023	Award Details	Number of Share Rights awarded	Date of grant	% vested in year ended 30 June 2023	% forfeited in year ended 30 June 2023	Share Rights yet to vest	Financial year in which awards may vest
Executive Director							
M Vassella	FY20 LTI AR Award - 3 yr[1]	150,463	18-Dec-19	100%	-	-	2023
	FY21 LTI AR Award - 3 yr	151,759	14-Dec-20	-	-	151,759	2024
	FY22 LTI AR Award - 3 yr	82,056	13-Dec-21	-	-	82,056	2025
	FY23 LTI AR Award - 3 yr[2]	118,204	15-Dec-22	-	-	118,204	2026
	FY23 STI Award - 1 yr[3]	78,013	15-Dec-22	89%	11%	-	2023
KMP Executives							
T Archibald	FY20 LTI AR Award - 3 yr[1]	51,617	18-Dec-19	100%	-	-	2023
	FY21 LTI AR Award - 3 yr	52,061	14-Dec-20	-	-	52,061	2024
	FY22 LTI AR Award - 3 yr	28,149	13-Dec-21	-	-	28,149	2025
	FY23 LTI AR Award - 3 yr[2]	40,741	15-Dec-22	-	-	40,741	2026
	FY23 STI Award - 1 yr[3]	32,906	15-Dec-22	87%	13%	-	2023
R Davies	FY20 LTI AR Award - 3 yr[1]	17,400	18-Dec-19	100%	-	-	2023
	FY21 LTI AR Award - 3 yr	21,120	14-Dec-20	-	-	21,120	2024
	FY22 LTI AR Award - 3 yr	19,613	13-Dec-21	-	-	19,613	2025
	FY23 LTI AR Award - 3 yr[2]	26,554	15-Dec-22	-	-	26,554	2026
K Keast[4]	FY21 LTI AR Award - 3 yr	40,005	14-Dec-20	-	-	40,005	2024
	FY22 LTI AR Award - 3 yr	21,631	13-Dec-21	-	-	21,631	2025
	FY22 Sign-on Award[5]	25,113	10-Mar-22	-	-	25,113	2024
	FY23 LTI AR Award - 3 yr[2]	31,306	15-Dec-22	-	-	31,306	2026
C Zhang	FY21 LTI AR Award - 3 yr	45,536	23-Sep-21	-	-	45,536	2024
	FY22 LTI AR Award - 3 yr	23,481	13-Dec-21	-	-	23,481	2025
	FY23 LTI AR Award - 3 yr[2]	36,594	15-Dec-22	-	-	36,594	2026
Previous KMP Executives							
P Finan[6]	FY20 LTI AR Award - 3 yr[1]	51,597	18-Dec-19	100%	-	-	2023
	FY20 Project Equity Award - 3 yr	50,154	18-Dec-19	100%	-	-	2023
	FY20 Project Equity Award - 3 yr	22,010	12-May-20	100%	-	-	2023
	FY21 LTI AR Award - 3 yr	50,942	14-Dec-20	-	-	50,942	2024
	FY22 LTI AR Award - 3 yr	26,790	13-Dec-21	-	-	26,790	2025
	FY23 LTI AR Award - 3 yr[2]	44,225	15-Dec-22	-	-	44,225	2026
J Nowlan[6]	FY20 LTI AR Award - 3 yr[1]	48,900	18-Dec-19	100%	-	-	2023
	FY21 LTI AR Award - 3 yr	49,321	14-Dec-20	-	-	49,321	2024
	FY22 LTI AR Award - 3 yr	26,668	13-Dec-21	-	-	26,668	2025
	FY23 LTI AR Award - 3 yr[2]	38,596	15-Dec-22	-	-	38,596	2026
	FY23 STI Award - 1 yr[3]	18,363	15-Dec-22	83%	17%	-	2023

1. Following the release of the FY2022 Remuneration Report and based on performance against targets, the Board approved vesting of share rights granted under the FY2020 LTI Alignment Right Award.
2. The FY2023 LTI Alignment Rights Award expiry date is 31 December 2028.
3. The FY2023 STI Award expiry date is 31 December 2025.
4. K Keast commenced as KMP effective 1 February 2023. The share right awards listed are the holdings balance from this date.
5. The FY2022 Sign-on Award expiry date is 31 August 2023.
6. P Finan and J Nowlan ceased being KMP effective 31 January 2023. The share right awards listed are represented at this date.

8.2 Shareholdings in BlueScope Steel Limited

The number of shares in the Company held during the financial year by each Director of the Company and Executive KMP, including their personally related parties is set out below.

Name	Ordinary shares held as at 30 June 2022	Received during the year on the exercise of share rights[1]	Shares granted as compensation	Net changes (other)[2]	Ordinary shares held as at 30 June 2023
Non-Executive Directors					
J Bevan	61,487	1,310	-	-	62,797
E Crouch	32,500	2,813	-	-	35,313
R Dee-Bradbury	27,300	-	-	-	27,300
J Lambert	16,851	2,046	-	-	18,897
K Conlon	10,208	-	-	-	10,208
Z Zhang	-	-	-	-	-
K Johnson	-	-	-	-	-
P Alexander[3]	-	-	-	16,000	16,000
J McAloon[3]	3,352	-	-	-	3,352
Executive Director					
M Vassella	941,503	195,338	-	(160,000)	976,841
KMP Executives					
T Archibald	115,284	51,617	-	(25,808)	141,093
R Davies	-	17,400	-	(7,337)	10,063
K Keast[4]	64,709	-	-	-	64,709
C Zhang[5]	22,448	20,517	-	-	42,965
Previous KMP Executives					
P Finan[6]	295,641	123,761	-	(20,638)	398,764
J Nowlan[6]	343,503	48,900	-	(15,000)	377,403

1. Exercise of share rights awarded under the FY2020 Alignment Rights Plan, FY2022 STI Share Rights Plan, FY2022 NED Fee Sacrifice Plan (Tranche 2) and FY2023 NED Fee Sacrifice Plan (Tranche 1).
2. These amounts represent on-market acquisitions and disposals of shares including shares sold to fund payment of income tax liabilities arising from vesting of share right awards.
3. P Alexander and J McAloon commenced as Non-Executive Directors of the Company effective 30 September 2022. The opening shareholding balance is effective 30 September 2022.
4. K Keast commenced as KMP effective 1 February 2023. The opening shareholding balance is effective 1 February 2023.
5. C Zhang received 20,517 reward shares (Tranche 2) which are subject to a restriction period which ends on 2 September 2024. These shares will be expensed over a two year period.
6. P Finan and J Nowlan ceased being KMP effective 31 January 2023. The shareholding is represented at 31 January 2023.

8.3 Loans to Key Management Personnel

There have been no loans granted to Directors and KMP of the Company or their related entities.

8.4 Other transactions with Key Management Personnel

In the normal course of business, the Group occasionally enters into transactions with various entities with Directors in common with BlueScope Steel Limited. Transactions with these entities are made on commercial arm's length terms and conditions. The relevant Directors do not participate in any decisions regarding these transactions.

The Group also occasionally enters into transactions with KMP and their related parties including in relation to the purchase of Group products. These transactions are within normal employee, customer and supplier relationships on terms and conditions no more favourable than those available in similar arm's length dealings and with any benefits being of a small or insignificant value.

Section

04.

Financial Report

Financial Report Contents

Consolidated statement of comprehensive income

For the year ended 30 June 2023

	Note	2023 $M	2022 $M
CONTINUING OPERATIONS			
Revenue from continuing operations	2	**18,242.5**	19,029.9
Other income	3	**124.3**	116.4
Changes in inventories of finished goods and work in progress		**(277.3)**	592.7
Raw materials and consumables used		**(11,273.8)**	(11,319.8)
Employee benefits expense		**(2,378.3)**	(2,169.2)
Depreciation and amortisation expense	12, 13, 17.3	**(658.3)**	(549.5)
Net impairment (expense) / write-back of non-current assets	14.4	**(49.7)**	38.6
Freight on external despatches		**(771.7)**	(715.6)
External services		**(951.0)**	(833.6)
Finance costs	16.6, 17.3	**(72.4)**	(72.4)
Other expenses		**(511.2)**	(360.9)
Share of net profits of associates and joint ventures accounted for using the equity method	24.1, 25.1	**21.3**	30.1
Profit before income tax		**1,444.4**	3,786.7
Income tax expense	4.1	**(351.7)**	(806.7)
Profit from continuing operations		**1,092.7**	2,980.0
DISCONTINUED OPERATIONS			
Profit from discontinued operations after income tax		**5.8**	3.0
Profit for the year		**1,098.5**	2,983.0
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Net gain / (loss) on cash flow hedges	19.1	**(58.4)**	24.2
Net gain / (loss) on net investments in foreign subsidiaries	19.1	**7.1**	11.7
Exchange differences on translation of foreign operations attributable to BlueScope Steel Limited	19.1	**209.0**	319.7
Income tax on items that may be reclassified subsequently to profit or loss		**15.0**	(10.7)
Items that will not be reclassified subsequently to profit or loss:			
Net actuarial gains on defined benefit and retirement plans	11	**30.4**	30.9
Investment revaluation	22	**(3.6)**	3.6
Exchange differences on translation of foreign operations attributable to non-controlling interests		**11.7**	31.5
Income tax on items that will not be reclassified subsequently to profit or loss		**(8.7)**	(8.8)
Other comprehensive income for the year		**202.5**	402.1
Total comprehensive income for the year		**1,301.0**	3,385.1
Profit for the year is attributable to:			
Owners of BlueScope Steel Limited		**1,009.2**	2,810.1
Non-controlling interests		**89.3**	172.9
Profit for the year		**1,098.5**	2,983.0
Total comprehensive income for the year is attributable to:			
Owners of BlueScope Steel Limited		**1,200.3**	3,181.2
Non-controlling interests		**100.7**	203.9
Total comprehensive income for the year		**1,301.0**	3,385.1
Earnings per share for profit attributable to owners of BlueScope Steel Limited from:		**Cents**	Cents
Continuing operations:			
Basic earnings per share	5	**216.2**	570.9
Diluted earnings per share	5	**214.6**	566.5
Total operations:			
Basic earnings per share	5	**217.4**	571.5
Diluted earnings per share	5	**215.8**	567.1

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated statement of financial position

As at 30 June 2023

	Note	2023 $M	2022[1] $M
ASSETS			
Current assets			
Cash and cash equivalents	15	**1,489.8**	1,682.7
Trade and other receivables	6	**1,854.0**	2,134.4
Contract assets	2.2	**54.4**	42.2
Inventories	7	**3,141.0**	3,679.4
Operating intangible assets	8	**73.4**	82.7
Derivative financial instruments	32.4	**15.5**	51.2
Deferred charges and prepayments		**129.7**	191.6
Total current assets		**6,757.8**	7,864.2
Non-current assets			
Trade and other receivables	6	**37.8**	38.7
Inventories	7	**77.7**	68.7
Operating intangible assets	8	**209.2**	172.9
Derivative financial instruments	32.4	**18.4**	40.4
Investments accounted for using the equity method	24, 25	**141.4**	140.2
Other investments - fair value through other comprehensive income	22	**27.0**	30.2
Property, plant and equipment	12	**5,642.2**	5,310.3
Right-of-use assets	17.1	**386.9**	374.4
Intangible assets	13	**2,513.9**	2,429.6
Deferred tax assets	4.2	**113.8**	122.7
Deferred charges and prepayments		**7.3**	11.5
Retirement benefit assets	11	**1.7**	6.7
Total non-current assets		**9,177.3**	8,746.3
Total assets		**15,935.1**	16,610.5
LIABILITIES			
Current liabilities			
Trade and other payables	9	**2,176.8**	2,677.5
Borrowings	16	**63.4**	610.6
Lease liabilities	17.2	**108.9**	102.5
Current tax liabilities		**78.6**	152.8
Provisions	10	**706.9**	787.7
Contract liabilities	2.2	**277.0**	333.1
Deferred income		**52.8**	77.5
Derivative financial instruments	32.4	**10.0**	1.4
Total current liabilities		**3,474.4**	4,743.1
Non-current liabilities			
Trade and other payables	9	**31.0**	37.0
Borrowings	16	**181.4**	166.6
Lease liabilities	17.2	**432.8**	435.9
Deferred tax liabilities	4.2	**532.8**	533.9
Provisions	10	**201.7**	186.1
Contract liabilities	2.2	**8.2**	8.3
Retirement benefit obligations	11	**17.6**	48.5
Deferred income		**2.2**	3.0
Derivative financial instruments	32.4	**22.3**	-
Total non-current liabilities		**1,430.0**	1,419.3
Total liabilities		**4,904.4**	6,162.4
Net assets		**11,030.7**	10,448.1
EQUITY			
Contributed equity	18.1	**2,673.0**	2,958.0
Reserves	19	**693.5**	516.9
Retained profits		**7,100.9**	6,307.6
Total equity attributable to owners of BlueScope Steel Limited		**10,467.4**	9,782.5
Non-controlling interests	23	**563.3**	665.6
Total equity		**11,030.7**	10,448.1

1. Comparative amounts have been restated to reflect adjustments to the Coil Coatings acquisition accounting (refer to note 21.2).

The consolidated statement of financial position should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated statement of changes in equity

As at 30 June 2023

30 June 2023	Note	Attributable to owners of BSL Contributed equity $M	Reserves $M	Retained profits $M	Non-controlling interests $M	Total equity $M
Balance as at 1 July 2022		**2,958.0**	**516.9**	**6,307.6**	**665.6**	**10,448.1**
Profit for the year		-	-	1,009.2	89.3	1,098.5
Other comprehensive income		-	169.4	21.7	11.4	202.5
Total comprehensive income for the year		**-**	**169.4**	**1,030.9**	**100.7**	**1,301.0**
Transactions with owners in their capacity as owners:						
Shares purchased on market; net of shares used for employee share awards (treasury shares)	18.2	(7.8)	-	-	-	(7.8)
Share-based payment expense	19.1	-	23.4	-	-	23.4
Settlement of employee share awards	18.2, 19.1	(6.7)	(20.5)	-	-	(27.2)
Share buy-backs	18.2	(272.3)	-	-	-	(272.3)
Dividends paid		-	-	(233.1)	(203.1)	(436.2)
Tax credit recognised directly in equity from share-based payments	18.2	1.8	-	-	-	1.8
Other		-	4.3	(4.5)	0.1	(0.1)
		(285.0)	7.2	(237.6)	(203.0)	(718.4)
Balance as at 30 June 2023		**2,673.0**	**693.5**	**7,100.9**	**563.3**	**11,030.7**

30 June 2022	Note	Attributable to owners of BSL Contributed equity $M	Reserves $M	Retained profits $M	Non-controlling interests $M	Total equity $M
Balance as at 1 July 2021		**3,649.9**	**156.9**	**3,822.8**	**530.8**	**8,160.4**
Profit for the year		-	-	2,810.1	172.9	2,983.0
Other comprehensive income		-	349.0	22.1	31.0	402.1
Total comprehensive income for the year		**-**	**349.0**	**2,832.2**	**203.9**	**3,385.1**
Transactions with owners in their capacity as owners:						
Shares purchased on market; net of shares used for employee share awards (treasury shares)	18.2	(28.8)	-	-	-	(28.8)
Share-based payment expense	19.1	-	20.6	-	-	20.6
Settlement of employee share awards	18.2, 19.1	(15.6)	(13.2)	-	-	(28.8)
Share buy-backs	18.2	(650.6)	-	-	-	(650.6)
Dividends paid		-	-	(344.0)	(69.1)	(413.1)
Tax credit recognised directly in equity from share-based payments	18.2	3.1	-	-	-	3.1
Other		-	3.6	(3.4)	-	0.2
		(691.9)	11.0	(347.4)	(69.1)	(1,097.4)
Balance as at 30 June 2022		**2,958.0**	**516.9**	**6,307.6**	**665.6**	**10,448.1**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the consolidated financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2023

	Note	2023 $M	2022 $M
Cash flows from operating activities			
Receipts from customers		**19,527.3**	19,270.1
Payments to suppliers and employees		**(16,963.8)**	(16,354.7)
		2,563.5	2,915.4
Dividends received - associates and joint ventures	24.1, 25.1	**19.5**	0.5
Dividends received - other		**2.3**	1.5
Interest received		**34.9**	12.9
Other revenue received		**35.5**	30.0
Finance costs paid		**(73.3)**	(70.4)
Income taxes paid		**(431.5)**	(417.9)
Net cash inflow from operating activities	15.1	**2,150.9**	2,472.0
Cash flows from investing activities			
Payments for business acquisitions, net of cash acquired	21	**(166.0)**	(997.5)
Payments for other investments		**(9.6)**	(1.0)
Payments for property, plant and equipment		**(797.8)**	(745.6)
Payments for intangibles		**(10.9)**	(18.1)
Proceeds from sale of property, plant and equipment		**5.2**	2.4
Net cash (outflow) from investing activities		**(979.1)**	(1,759.8)
Cash flows from financing activities			
Proceeds from borrowings		**510.5**	399.3
Repayment of borrowings		**(1,038.2)**	(298.7)
Repayment of principal component of lease liabilities	17.2	**(111.9)**	(104.7)
Dividends paid to Company's shareholders	20.1	**(233.1)**	(344.0)
Dividends paid to non-controlling interests in subsidiaries		**(203.1)**	(69.1)
Share buy-backs		**(284.9)**	(638.1)
Other		**-**	3.8
Net cash (outflow) from financing activities		**(1,360.7)**	(1,051.5)
Net increase / (decrease) in cash and cash equivalents		**(188.9)**	(339.3)
Cash and cash equivalents at the beginning of the year		**1,675.1**	1,961.1
Effects of exchange rate changes on cash and cash equivalents		**2.5**	53.3
Cash and cash equivalents, net of overdrafts, at the end of the year	15	**1,488.7**	1,675.1
Reconciliation of liabilities arising from financing activities	16.1, 17.2		
Financing arrangements	16.2		
Non-cash financing activities	17.2		

The consolidated statement of cash flows should be read in conjunction with the accompanying notes to the consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2023

About this report

This section provides information about the basis upon which the Group's financial statements are prepared. It includes an overview of the reporting entity, a summary of certain accounting policies that are not disclosed elsewhere, and highlights the key accounting judgements and estimates applied by management and where that information is disclosed in this report.

Reporting entity

BlueScope Steel Limited is a for-profit company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. The registered office of the Company is Level 24, 181 William Street, Melbourne, Victoria, Australia 3000. The nature of the operations and principal activities of the Group are described in note 1.1 and the Directors' Report.

The financial report of BlueScope Steel Limited for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 21 August 2023.

Basis of preparation

The financial report is a general purpose financial report, which:

- Has been prepared in accordance with the requirements of the Australian *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).
- Has been prepared on a historical cost basis, except for certain derivative financial instruments and other investments which are measured at fair value.
- Is presented in Australian dollars rounded to the nearest hundred thousand dollars, unless otherwise stated, in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.
- Presents reclassified comparative information where required for consistency with the current year's presentation.
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or before 1 July 2022.
- Does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective.
- Has been prepared on a going concern basis of accounting as, at the time of approving the financial statements, the Directors' have reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Basis of consolidation

The consolidated financial statements comprise the financial statements of BlueScope Steel Limited ('the Company' or 'parent entity') and its controlled entities (together 'the Group'). Details of controlled entities (subsidiaries) of the Company are contained in note 23.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

The financial statements of subsidiaries are consolidated in the Group financial statements from the date that the Group obtains control until the date that control ceases. The subsidiary financial statements are prepared using consistent accounting policies and for the same reporting period as the parent company.

In preparing the consolidated financial statements, all intercompany balances and transactions have been eliminated in full.

Foreign currency

Items included in the financial statements of entities within the Group are measured using the currency of the primary economic environment in which the entity generates and expends cash ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is BlueScope Steel Limited's functional and presentation currency.

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate at the reporting date. Non-monetary items measured in terms of historical cost in a foreign currency are translated at the exchange rate as at the date of the initial transaction. Foreign exchange gains and losses arising from translation are recognised in the income statement, except when deferred in equity as qualifying cash flow or net investment hedges, or where those gains or losses are attributable to part of the net investment in a foreign operation.

Notes to the consolidated financial statements

For the year ended 30 June 2023

On consolidation at the reporting date, the assets and liabilities of entities within the Group that have a functional currency different from the presentation currency, are translated into Australian dollars at the rate of exchange at the reporting date and the income statements are translated at the average exchange rate for the year. Exchange differences arising from the translation are recognised in other comprehensive income and in the foreign currency translation reserve in equity.

Goods and services tax (GST) / value added tax (VAT)

Revenues, expenses, liabilities and assets are recognised net of the amount of GST/VAT, unless the GST/VAT incurred is not recoverable from the tax authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST/VAT receivable or payable.

Cash flows in the consolidated statement of cash flows are presented on a gross basis. The GST/VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, a taxation authority.

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements, are provided throughout the notes to the consolidated financial statements.

The consolidated financial statements have been prepared using the same accounting policies as used in the financial statements for the year ended 30 June 2022. There were no significant changes in accounting policies during the year ended 30 June 2023 nor did the introduction of new accounting standards or amendments lead to any change in measurement or disclosure in the financial statements as described in note 34.1.

Changes in comparatives

Change in reporting segments – note 1 segment information

Changes have been made to the Group's reporting segments for the current period to consolidate and simplify the reporting of the North America operations. With this change the Group now has two reporting segments that represent the North America operations, and a single reporting segment representing Asia operations. Comparatives have been restated to account for the changes, and this has been disclosed in note 1.

Restatement of comparatives – consolidated statement of financial position

The comparative balances for intangible assets (non-current), property, plant and equipment (non-current) and inventories (current) have been restated in the consolidated statement of financial position to reflect the adjustments made within the measurement period for the acquisition of Coil Coatings. This restatement is also reflected in the relevant notes to the consolidated financial statements. Refer to note 21.2.

The notes to the consolidated financial statements

The notes to the consolidated financial statements includes information which is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant due to its size or nature, or the information is important for understanding current and future performance or significant changes in operations.

The notes to the consolidated financial statements have been organised into logical groupings to help users find and understand the information reported. Where possible, related information has been provided in the same place.

Key accounting judgements and estimates

The preparation of the financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statements, are disclosed in the following notes:

Accounting judgements and estimates	Note
Uncertain tax matters	Note 4 Income tax
Recognition and recoverability of deferred tax assets	Note 4 Income tax
Recognition and calculation of provisions	Note 10 Provisions
Determination of retirement benefit obligations	Note 11 Retirement benefit obligations
Estimation of the useful lives of property, plant and equipment	Note 12 Property, plant and equipment
Impairment of non-financial assets	Note 14 Carrying value of non-financial assets
Determining lease contract terms and lease components	Note 17 Leases
Fair value measurement of business acquisitions	Note 21 Business combinations
Fair value measurement of share-based payments	Note 28 Share-based payments

Notes to the consolidated financial statements

For the year ended 30 June 2023

Financial performance

This section provides information about the operating results and financial performance of the Group. It includes disclosure of segment financial information, revenue and other income, costs and expenses, taxes and earnings per share, including the accounting policies, and key accounting judgements and estimates relevant to understanding these areas.

1. Segment information

1.1 Description of segments

The Group has identified its operating segments based on the information that is regularly reviewed and used by the chief operating decision maker (Managing Director and Chief Executive Officer) for the purposes of allocating resources and assessing performance.

The following summary describes the operations of the Group's reportable segments, which comprise individually material operating segments and an aggregation of operating segments when they have similar economic characteristics and satisfy the aggregation criteria.

Change in reporting segments and restated comparative segment information

As announced in July 2023, changes have been made to reporting segments to consolidate and simplify the reporting of the North America operations. The Building Products North America operating segment is now aggregated in the Buildings and Coated Products North America reporting segment. It was previously aggregated in the Building Products Asia and North America reporting segment, which has been renamed Coated Products Asia.

With this change the Group now has two reporting segments that represent the North America operations, and a single reporting segment representing Asia operations. Comparative segment information has been restated to reflect these changes.

Segment	Description
Australian Steel Products (ASP)	• ASP produces and markets a range of high value coated and painted flat steel products for Australian building and construction customers as well as providing a broader offering of commodity flat steel products. • Products are primarily sold to the Australian domestic market, with some volume exported. • Key brands include zinc/aluminium alloy coated - ZINCALUME® steel and galvanised and zinc/aluminium alloy-coated pre-painted COLORBOND® steel. • Main manufacturing facilities are at Port Kembla (NSW) and Western Port (VIC). • This operating segment also operates pipe and tube manufacturing, and a network of roll-forming and distribution sites throughout Australia, acting as a major steel product supplier to the building and construction, manufacturing, transport, agriculture and mining industries.
North Star BlueScope Steel	• North Star BlueScope Steel is a low-cost regional supplier of hot rolled coil, based in Ohio (USA), serving automotive, construction and manufacturing end-use industries. North Star is highly efficient, operates at industry leading utilisation rates and is strategically located near its customers and in one of the largest scrap metal recycling regions of North America. • This operating segment also includes BlueScope Recycling and Materials which is a full-service ferrous scrap metal recycler, primarily focussed on supplying North Star's scrap steel requirements. It has processing facilities in Waterloo (Indiana, USA), Mansfield (Ohio) and Delta (Ohio), adjacent to the North Star facility.
Buildings and Coated Products North America	• Leader in engineered building solutions, servicing the low-rise non-residential construction needs of customers from an engineering and manufacturing base in North America. • This segment includes the coil paintings operation that extend nationally throughout BlueScope Coated Products (BCP). BCP is the second largest metal painter in the US, with seven facilities predominantly serving the commercial and industrial construction applications. • This segment also includes the BlueScope Properties Group which develops industrial properties, predominantly warehouses and distribution centres. • Following the change in reporting segments in the current period, the Building Products North America operating segment, representing the US operations of the joint venture with Nippon Steel Corporation (NSC), is aggregated in this segment.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Segment	Description
Coated Products Asia (formerly Building Products Asia and North America)	• Technology leader in metal coated and painted steel building products, principally focused on the Asia-Pacific region, with a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of products. • This segment has an extensive footprint of metal coating, painting and steel building product operations in Thailand, Indonesia, Vietnam, Malaysia and India, primarily servicing the residential and non-residential building and construction industries across Asia. • This segment also aggregates the Building Products China operating segment, comprising metal coating, painting, Lysaght operations and engineered building solutions. • BlueScope operates in ASEAN and the west coast of North America in partnership with NSC and in India with Tata Steel. Both are 50/50 joint ventures, with BlueScope controlling and therefore consolidating the joint venture with NSC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel. The ASEAN operating segments of the joint venture with NSC are aggregated in this segment, as is the interest in the Tata BlueScope joint venture.
New Zealand & Pacific Islands	• Consists of three primary business areas: New Zealand Steel, Pacific Steel and BlueScope Pacific Islands. • New Zealand Steel is the only steel producer in New Zealand, producing slab, billet, hot rolled coil and value added coated and painted products for both domestic and export markets across the Pacific Region. Operations include the manufacture and distribution of the LYSAGHT® range of products in Fiji, New Caledonia and Vanuatu and rod and bar in Fiji. • Pacific Steel is the sole producer of long steel products such as rod, bar, reinforcing coil and wire in New Zealand. • This segment also includes the Waikato North Head iron sands mine which supplies iron sands to the Glenbrook Steelworks.

1.2 Information about reportable segments

Performance of operating segments is based on EBIT, which represents earnings excluding the effects of Group financing (including interest expense and interest income) and income taxes, as these items are managed on a Group basis.

Sales between segments are carried out at an arm's length basis and are eliminated on consolidation. The revenue from external parties is measured in a manner that is consistent with the consolidated statement of comprehensive income.

Segment assets and liabilities are measured in a manner consistent with the consolidated statement of financial position. Cash and liabilities arising from borrowings and leases are not considered to be segment assets and liabilities due to these being managed by the Group's centralised treasury function.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Segment information for the reportable segments for the year ended 30 June 2023 is as follows:

30 June 2023	Australian Steel Products $M	North Star BlueScope Steel $M	Buildings & Coated Products North America $M	Coated Products Asia $M	New Zealand & Pacific Islands $M	Discontinued Operations $M	Total $M
Segment sales revenue	**7,930.2**	**3,479.6**	**3,640.8**	**2,630.6**	**962.6**	**-**	**18,643.8**
Intersegment revenue	(248.4)	(100.5)	(0.9)	(30.4)	(89.4)	-	(469.6)
Sales revenue from external customers	**7,681.8**	**3,379.1**	**3,639.9**	**2,600.2**	**873.2**	**-**	**18,174.2**
Other revenue							68.3
Total revenue from continuing operations							**18,242.5**
Segment EBIT	**492.1**	**433.0**	**503.1**	**91.7**	**128.6**	**8.5**	**1,657.0**
Comprises:							
Depreciation and amortisation expense	344.7	122.3	76.9	81.0	31.8	-	656.7
Net impairment expense / (write-back)	-	-	-	49.7	-	-	49.7
Share of profit / (loss) from associates and joint ventures	-	0.8	-	20.5	-	-	21.3
Segment assets	**4,967.0**	**4,180.0**	**2,544.9**	**1,628.5**	**1,116.4**	**16.5**	**14,453.3**
Segment liabilities	**(1,500.9)**	**(618.3)**	**(652.6)**	**(630.8)**	**(295.5)**	**(3.2)**	**(3,701.3)**
Comprises:							
Investments in associates and joint ventures	-	0.4	-	141.0	-	-	141.4
Additions to non-current assets[1]	518.9	210.0	87.0	57.2	92.8	-	965.9

1. Other than financial assets and deferred tax.

30 June 2022	Australian Steel Products $M	North Star BlueScope Steel $M	Buildings & Coated Products North America[1] $M	Coated Products Asia[1] $M	New Zealand & Pacific Islands $M	Discontinued Operations $M	Total $M
Segment sales revenue	**8,228.7**	**4,494.5**	**2,980.1**	**2,770.5**	**1,125.2**	**-**	**19,599.0**
Intersegment revenue	(339.7)	(75.6)	(1.7)	(68.1)	(123.0)	-	(608.1)
Sales revenue from external customers	**7,889.0**	**4,418.9**	**2,978.4**	**2,702.4**	**1,002.2**	**-**	**18,990.9**
Other revenue							39.0
Total revenue from continuing operations							**19,029.9**
Segment EBIT	**1,298.0**	**1,887.5**	**348.4**	**202.9**	**265.4**	**3.0**	**4,005.2**
Comprises:							
Depreciation and amortisation expense	311.1	92.0	42.5	74.1	28.0	-	547.7
Net impairment expense / (write-back)	-	-	-	(38.6)	-	-	(38.6)
Share of profit / (loss) from associates and joint ventures	-	0.7	-	29.4	-	-	30.1
Segment assets	**5,489.4**	**4,018.0**	**2,462.7**	**1,963.7**	**942.2**	**16.8**	**14,892.8**
Segment liabilities	**(1,794.7)**	**(698.5)**	**(533.2)**	**(794.2)**	**(411.3)**	**(3.2)**	**(4,235.1)**
Comprises:							
Investments in associates and joint ventures	-	0.9	-	139.3	-	-	140.2
Additions to non-current assets[2]	366.4	621.6	790.2	51.0	61.2	-	1,890.4

1. Restated comparative segment information following the change in reporting segments. Refer to note 1.1.
2. Other than financial assets and deferred tax.

Notes to the consolidated financial statements

For the year ended 30 June 2023

1.3 Consolidated North America reporting segment information

Consolidated segment information of the Group's two North America reporting segments is as follows:

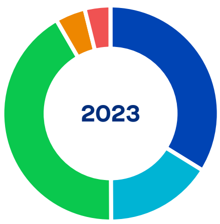
	2023 $M	2022 $M
Segment sales revenue	**7,019.0**	**7,397.3**
Intersegment revenue	(0.9)	(1.7)
Sales revenue from external customers	**7,019.9**	**7,399.0**
Segment EBIT	**930.8**	**2,244.1**
Comprises:		
Depreciation and amortisation expense	199.2	134.5
Share of profit / (loss) from associates and joint ventures	0.8	0.7
Segment assets	**6,706.1**	**6,471.0**
Segment liabilities	**(1,259.5)**	**(1,225.8)**
Comprises:		
Investments in associates and joint ventures	0.4	0.9
Additions to non-current assets[1]	297.0	1,411.8

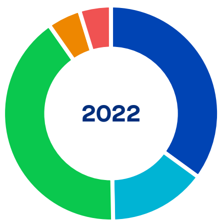
1. Other than financial assets and deferred tax.

1.4 Geographical information

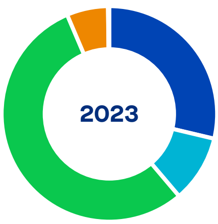
The Group's geographical regions are based on the location of markets and customers. Segment non-current assets exclude tax assets and are allocated based on where the assets are located.

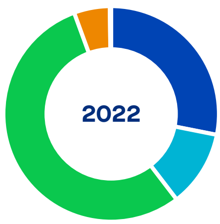
Segment revenue ($M)





Non-current assets ($M)





Notes to the consolidated financial statements

For the year ended 30 June 2023

1.5 Reconciliation segment information

A reconciliation of segment EBIT, assets and liabilities to the consolidated financial statements is as follows:

Segment EBIT

	Note	2023 $M	2022 $M
Total segment EBIT		**1,657.0**	4,005.2
Intersegment eliminations		**16.2**	3.6
Interest income	2	**35.6**	13.3
Finance costs	16.6, 17.3	**(72.4)**	(72.4)
Discontinued operations		**(6.1)**	(3.0)
Corporate operations		**(185.9)**	(160.0)
Profit before income tax from continuing operations		**1,444.4**	3,786.7

Segment assets

	Note	2023 $M	2022 $M
Segment assets		**14,453.3**	14,892.8
Intersegment eliminations		**(404.8)**	(300.0)
Unallocated:			
Deferred tax assets	4.2	**113.8**	122.7
Cash	15.1	**1,489.8**	1,682.7
Accrued interest receivable		**1.2**	0.5
Corporate operations		**281.8**	211.8
Total assets		**15,935.1**	16,610.5

Segment liabilities

	Note	2023 $M	2022 $M
Segment liabilities		**3,701.3**	4,235.1
Intersegment eliminations		**(381.4)**	(260.4)
Unallocated:			
Borrowings	16	**244.8**	777.2
Lease liabilities	17.2	**541.7**	538.4
Current tax liabilities		**78.6**	152.8
Deferred tax liabilities	4.2	**532.8**	533.9
Accrued borrowing costs payable		**2.7**	4.0
Deferred purchase price	21.3	**-**	29.1
Corporate operations		**183.9**	152.3
Total liabilities		**4,904.4**	6,162.4

Notes to the consolidated financial statements

For the year ended 30 June 2023

2. Revenue

	2023 $M	2022 $M
Sales revenue from contracts with customers	**18,174.2**	18,990.9
Other revenue:		
Interest	**35.6**	13.3
Other	**32.7**	25.7
Total other revenue	**68.3**	39.0
Total revenue from continuing operations	**18,242.5**	19,029.9

2.1 Disaggregation of sales revenue from contracts with customers

30 June 2023	Australian Steel Products $M	North Star BlueScope Steel $M	Buildings & Coated Products North America $M	Coated Products Asia $M	New Zealand & Pacific Islands $M	Discontinued Operations $M	Total $M
External sales revenue recognition							
Point in time	7,681.8	3,379.1	1,724.4	1,678.7	873.2	-	15,337.2
Over time	-	-	1,915.5	921.5	-	-	2,837.0
Total external sales revenue	**7,681.8**	**3,379.1**	**3,639.9**	**2,600.2**	**873.2**	**-**	**18,174.2**
External sales revenue by destination							
Australia	6,115.1	-	-	34.6	-	-	6,149.7
Asia	411.2	-	-	2,511.3	-	-	2,922.5
North America	564.8	3,379.1	3,639.9	-	-	-	7,583.8
New Zealand	27.5	-	-	0.9	787.9	-	816.3
Other	563.2	-	-	53.4	85.3	-	701.9
Total external sales revenue	**7,681.8**	**3,379.1**	**3,639.9**	**2,600.2**	**873.2**	**-**	**18,174.2**
External sales revenue by category							
Steelmaking products	2,228.8	3,141.2	-	-	224.5	-	5,594.5
Building products	5,001.1	-	1,724.4	1,678.7	648.7	-	9,052.9
Engineered building solutions	-	-	1,915.5	921.5	-	-	2,837.0
Other	451.9	237.9	-	-	-	-	689.8
Total external sales revenue	**7,681.8**	**3,379.1**	**3,639.9**	**2,600.2**	**873.2**	**-**	**18,174.2**

Notes to the consolidated financial statements

For the year ended 30 June 2023

30 June 2022	Australian Steel Products $M	North Star BlueScope Steel $M	Buildings & Coated Products North America[1] $M	Coated Products Asia[1] $M	New Zealand & Pacific Islands $M	Discontinued Operations $M	Total $M
External sales revenue recognition							
Point in time	7,889.0	4,418.9	1,461.5	1,875.3	1,002.2	-	16,646.9
Over time	-	-	1,516.9	827.1	-	-	2,344.0
Total external sales revenue	**7,889.0**	**4,418.9**	**2,978.4**	**2,702.4**	**1,002.2**	**-**	**18,990.9**
External sales revenue by destination							
Australia	6,598.8	-	-	37.9	14.1	-	6,650.8
Asia	211.3	-	-	2,559.6	15.8	-	2,786.7
North America	307.8	4,418.9	2,978.4	-	-	-	7,705.1
New Zealand	37.0	-	-	4.1	907.0	-	948.1
Other	734.1	-	-	100.8	65.3	-	900.2
Total external sales revenue	**7,889.0**	**4,418.9**	**2,978.4**	**2,702.4**	**1,002.2**	**-**	**18,990.9**
External sales revenue by category							
Steelmaking products	2,214.7	4,330.3	-	-	163.8	-	6,708.8
Building products	5,157.2	-	1,393.9	1,875.3	838.4	-	9,264.8
Engineered building solutions	-	-	1,516.9	827.1	-	-	2,344.0
Properties	-	-	67.6	-	-	-	67.6
Other	517.1	88.6	-	-	-	-	605.7
Total external sales revenue	**7,889.0**	**4,418.9**	**2,978.4**	**2,702.4**	**1,002.2**	**-**	**18,990.9**

1. Restated comparative segment information following the change in reporting segments. Refer to note 1.1.

2.2 Assets and liabilities related to contracts with customers

	2023 $M	2022 $M
Current contract assets		
Engineered building solutions	**54.4**	42.2
Total current contract assets	**54.4**	42.2
Current contract liabilities		
Customer deposits received in advance of work performed	**276.1**	332.2
Service warranties	**0.9**	0.9
Total current contract liabilities	**277.0**	333.1
Non-current contract liabilities		
Service warranties	**8.2**	8.3
Total non-current contract liabilities	**8.2**	8.3

There have been no contract assets recognised from costs to fulfil a contract.

Non-current service warranties relate to the North American Buildings and Building Product businesses and range from 5 to 30 years.

Notes to the consolidated financial statements

For the year ended 30 June 2023

2.3 Recognition and measurement

Sales revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

As a manufacturer, the Group's primary performance obligation is the delivery of steel products. In addition to delivering goods, the Group also provides design, construction or installation services in our Buildings and Building Product businesses. Other than the provision of service warranties, the Group's performance obligations are typically satisfied within one year or less.

Revenue is recognised at a point in time for goods on delivery to the customer or once goods have passed the ship's rail and a mate's receipt has been received from the ship's captain. For bundled goods and services such as design, construction or installation services, revenue is recognised over time, where required by accounting standards, as progress is made towards completion of a performance obligation. The input method is used for measuring progress to completion for bundled goods and services. Revenue is recognised for bundled good based on the proportion of goods delivered relative to the total expected goods to be delivered and for services based on the costs incurred relative to the total costs expected to be incurred in satisfying a performance obligation.

The transaction price in a contract can vary due to volume and steel pricing rebates, early payment discounts and credits for product shipped and billed to the customer that did not meet previously agreed specifications. Variable consideration is estimated using the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold.

The majority of the Group's product warranties are assurance type warranties. However, the North American Buildings and Building Product businesses offer service warranties to customers, ranging from 5 to 30 years. These service warranties are treated as a separate performance obligation with revenue from premiums recognised over the warranty period.

3. Other income

	2023 $M	2022 $M
Carbon permit income	**107.0**	109.4
Government grants	**1.9**	1.2
Insurance recoveries	**0.2**	0.1
Net gain on sale of PP&E and ROU lease termination	**-**	4.2
Net foreign exchange gains	**15.2**	1.5
Total other income	**124.3**	116.4

Carbon permit income

Carbon permit income arises from New Zealand Government's Emissions Trading Schemes (ETS). Emission unit permits (EU), granted on a calendar year, are recorded as intangible assets at their fair value with a corresponding entry to deferred income. Income is recognised based on production outputs.

Notes to the consolidated financial statements

For the year ended 30 June 2023

4. Income tax

4.1 Income tax expense

	Note	2023 $M	2022 $M
(i) Income tax expense recognised in profit or loss			
Current tax		**340.8**	493.8
Deferred tax		**(4.1)**	317.8
Temporary difference on net investments in foreign subsidiaries	19.1	**(2.0)**	(3.5)
Adjustments for current tax of prior periods		**17.3**	(1.4)
Total income tax expense		**352.0**	806.7
Income tax expense is attributable to:			
Continuing operations		**351.7**	806.7
Discontinued operations		**0.3**	-
Total income tax expense		**352.0**	806.7
(ii) Reconciliation of prima facie tax expense in income tax expense			
Profit from continuing operations before income tax expense		**1,444.4**	3,786.7
Profit from discontinued operations before income tax expense		**6.1**	3.0
Profit before income tax		**1,450.5**	3,789.7
Tax at the Australian tax rate of 30.0% (2022 - 30.0%)		**435.1**	1,136.9
Effect of different tax rates in foreign jurisdictions		**(64.0)**	(202.2)
Adjustments for current tax of prior periods		**17.3**	(1.4)
Tax effect of amounts which are not deductible / (taxable):			
Withholding tax		**10.5**	11.7
Net non-deductible expenses / (non-assessable income)		**(30.6)**	(49.0)
Share of net profits of associates and joint ventures		**(5.2)**	(7.4)
Sundry items		**(1.1)**	(2.1)
Changes in unrecognised deferred tax assets		**15.6**	2.5
Tax effect of the utilisation of tax losses not previously recognised		**(0.3)**	(54.4)
Tax losses recognised		**(25.3)**	(27.9)
Income tax expense		**352.0**	806.7
(iii) Income tax relating to items in other comprehensive income			
Net gain / (loss) in cash flow hedges		**(17.0)**	7.2
Actuarial gains in defined benefit and retirement plans		**8.7**	8.8
Total movement in deferred tax recognised in other comprehensive income		**(8.3)**	16.0
Temporary difference on net investments in foreign subsidiaries	19.1	**2.0**	3.5
Income tax recognised in other comprehensive income		**(6.3)**	19.5
(iv) Income tax recognised directly in equity			
Excess tax deductions for share-based payments on share awards	18.2	**(1.8)**	(3.1)
Income tax recognised directly in equity		**(1.8)**	(3.1)

Income tax expense for the year was $352.0M, resulting in an effective tax rate of 24.6%. The Group's effective tax rate is lower than the Australian 30% statutory tax rate primarily due to lower tax rates in North America and Asia and recognition of timing differences during the year.

Notes to the consolidated financial statements

For the year ended 30 June 2023

4.2 Deferred tax assets and liabilities

	Deferred tax assets 2023 $M	Deferred tax assets 2022 $M	Deferred tax liabilities 2023 $M	Deferred tax liabilities 2022 $M
The balance comprises temporary differences attributable to:				
Employee benefits provision	**30.9**	45.2	**(129.2)**	(156.5)
Other provisions	**7.6**	6.1	**(34.3)**	(35.4)
Property, plant and equipment	**5.0**	(2.6)	**538.6**	531.7
Foreign exchange (gains) / losses	**0.1**	0.1	**21.2**	19.1
Intangible assets	**(5.8)**	(7.2)	**121.9**	105.4
Inventory	**23.0**	27.5	**21.5**	45.1
Tax losses	**42.4**	50.7	**(22.1)**	(11.5)
Other	**10.6**	2.9	**15.2**	36.0
Total	**113.8**	122.7	**532.8**	533.9

	2023 $M	2022 $M
Recognised deferred tax balances:		
Deferred tax asset	**113.8**	122.7
Deferred tax liability	**532.8**	533.9
Net deferred tax liability	**419.0**	411.2
Net deferred tax liability movements:		
Opening balance at 1 July	**411.2**	54.3
Charged / (credited):		
Amount expensed / (credited) to profit or loss	**(4.1)**	317.8
Amount expensed / (credited) to other comprehensive income	**(8.3)**	16.0
Amount recognised in business acquisitions	**4.0**	(3.8)
Exchange differences	**16.2**	26.9
Closing balance as at 30 June	**419.0**	411.2

4.3 Unrecognised deferred tax assets and liabilities

	2023 $M	2022 $M
Unrecognised deferred tax liabilities:		
Temporary difference relating to investment in subsidiaries	**204.6**	176.0
Potential tax effect	**22.1**	18.0
Unrecognised deferred tax assets:		
Deductible temporary differences	**406.1**	472.2
Unused tax losses	**7.9**	16.6
Potential tax effect	**112.8**	135.1

Notes to the consolidated financial statements

For the year ended 30 June 2023

Overseas subsidiaries have undistributed earnings, which, if paid out as dividends, would be subject to withholding tax. An assessable temporary difference exists, however no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from its subsidiaries and is not expected to distribute these profits in the foreseeable future.

Unrecognised deferred tax assets for the Group totalling $112.8M (2022: $135.1M) in respect of temporary differences have not been recognised as they are not probable of realisation.

Unused tax losses predominantly relate to the China business which expire within 5 years of being incurred.

4.4 Recognition and measurement

Income tax expense in the consolidated statement of comprehensive income comprises current and deferred tax, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is also recognised directly in equity or other comprehensive income, respectively.

Current taxes

The income tax expense or benefit for the period is the tax payable on the current period taxable income using tax rates enacted or substantively enacted at the reporting date in the countries where the Group operates, and generates taxable income, and any adjustment to tax payable with respect to prior years.

Deferred taxes

Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and the tax base. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets and liabilities are offset when deferred tax balances relate to the same taxation authority and there is a legally enforceable right to offset current tax assets and liabilities.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill in a business combination or the initial recognition of an asset or liability in a transaction (other than from a business combination or the adoption of a new accounting standard) that at the time of the transaction affects neither accounting nor taxable profit.

Furthermore, deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. For the current year a $2.0M deferred tax expense, relating to investments in foreign operations, was recognised in other comprehensive income (2022: $3.5M).

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The Group has and will continue to apply the temporary exception in AASB 112 *Income Taxes* not to recognise or disclose information about deferred tax assets and liabilities that could arise from OECD Pillar Two model rules.

4.5 Key accounting judgements and estimates

Uncertain tax matters

The Group is subject to income taxes in Australia and foreign jurisdictions and as a result the calculation of the Group's tax payable involves estimation and judgement, including assumptions made in respect of the application of tax legislation. There are transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences will impact the current and deferred tax provisions in the period in which the determination is made.

Recognition and recoverability of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future forecast taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the relevant tax legislation associated with their recoupment. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of probable future taxable profits.

Notes to the consolidated financial statements

For the year ended 30 June 2023

5. Earnings per share

	Basic		Diluted	
	2023 Cents	2022 Cents	2023 Cents	2022 Cents
Continuing operations	**216.2**	570.9	**214.6**	566.5
Discontinued operations	**1.2**	0.6	**1.2**	0.6
Earnings per share	**217.4**	571.5	**215.8**	567.1

5.1 Earnings used in calculating earnings per share

	2023 $M	2022 $M
Continuing operations	**1,003.3**	2,807.0
Discontinued operations	**5.9**	3.1
Profit used in calculating basic earnings per share	**1,009.2**	2,810.1

5.2 Weighted average number of shares used as the denominator

	2023 Number	2022 Number
Weighted average number of ordinary shares (basic)	**464,166,573**	491,677,368
Weighted average number of share rights	**3,426,623**	3,787,061
Weighted average number of ordinary and potential ordinary shares (diluted)	**467,593,196**	495,464,429

5.3 Calculation of earnings per share

Basic earnings / (loss) per share

Calculated as net profit / (loss) attributable to the owners of the Company divided by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings / (loss) per share

Calculated by dividing the net profit / (loss) attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued upon the conversion of all dilutive potential ordinary shares into ordinary shares.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Working capital

This section provides information about the Group's working capital and provisions, including the accounting policies and key accounting judgements and estimates relevant to understanding these areas.

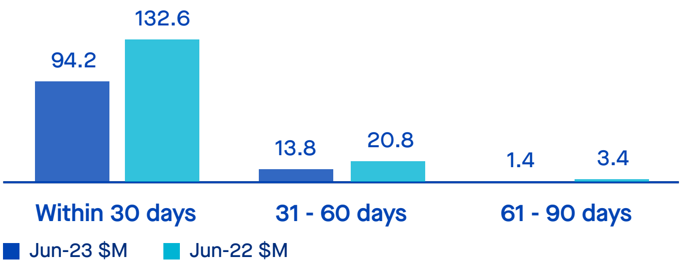
6. Trade and other receivables

		2023		2022	
		Current	Non-current	Current	Non-current
	Note	$M	$M	$M	$M
Trade receivables		**1,742.3**	**-**	2,017.5	-
Loss allowance for trade receivables	6.1	**(29.2)**	**-**	(26.6)	-
Total trade receivables		**1,713.1**	**-**	1,990.9	-
Workers compensation receivables	10.2	**-**	**28.2**	-	28.9
Sale of receivables	6.3	**64.5**	**-**	65.8	-
Other receivables		**76.4**	**9.6**	77.7	9.8
Total other receivables		**140.9**	**37.8**	143.5	38.7
Total trade and other receivables		**1,854.0**	**37.8**	2,134.4	38.7

6.1 Loss allowance for trade and other receivables

	2023	2022
	$M	$M
As at 1 July	**26.6**	25.5
Additional loss allowance recognised	**10.6**	7.4
Amounts used during the year	**(2.1)**	(3.6)
Unutilised loss allowance written back	**(5.7)**	(3.8)
Exchange differences	**(0.2)**	1.1
Total loss allowance for trade and other receivables	**29.2**	26.6

6.2 Past due but not impaired



Nil non-current receivables are impaired or past due.

Notes to the consolidated financial statements

For the year ended 30 June 2023

6.3 Transferred financial assets that are derecognised

The Group has receivables securitisation programs totalling $345.3M (2022: $393.6M) that mature in September 2023 ($45.3M) and December 2024 ($300.0M). These programs involve the sale of relevant trade receivables across Australian Steel Products and North Star BlueScope Steel. The business services the programs and collects cash from its customers on behalf of the program provider for which a fee is received.

Relevant trade receivables under the receivables securitisation programs are required to be derecognised in their entirety, when the contractual rights to the cash flows from the trade receivables have expired or are transferred. The Group maintains a continuing involvement in the derecognised financial assets by virtue of reserving requirements under the programs. The maximum exposure to loss for the Group from its continuing involvement is $64.5M which is determined by the amount of reserves funded by BlueScope, less customer collections during the month. Interest income and service fees earned were $12.7M (2022: $8.8M). Total costs from selling the receivables and running the programs were $30.7M (2022: $24.0M), presented within other expenses in the consolidated statement of comprehensive income.

In the event bad or doubtful debts exceed a specified limit, the Group is required to recognise the trade receivables on the balance sheet. Under these securitisation programs, the program provider is exposed to the first loss and to qualify for derecognition bad or doubtful debts must not exceed the first loss limit. Current experience and bad debt history is below this level. In the event this limit is exceeded, the Group would have to recognise the trade receivable on the balance sheet with the program recorded as borrowings.

The carrying amount of trade receivables de-recognised as at 30 June 2023 is $350.0M (2022: $397.1M) which is reflected in a decrease in trade receivables of $151.4M (2022: $189.5M), and an increase in sundry payables of $263.1M (2022: $273.4M) offset by a $64.5M (2022: $65.8M) increase in sundry receivables which approximates fair value.

6.4 Recognition and measurement

Trade receivables not included in securitisation programs are held in a business model to collect contractual cash flows which are solely payments of principal and interest on the principal amounts outstanding. These trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for expected credit losses. Trade receivables are generally due for settlement within 30 to 90 days.

Loss allowance for trade receivables and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) associated with trade receivables and contract assets using the simplified approach, based on lifetime expected credit losses. ECLs are based on the difference between the contractual cash flows due under a contract and the cash flows that the Group expects to receive. The Group calculates loss allowances using a provision matrix that is based on the Group's historically observed credit loss experience and risk of default, adjusted for current and any forward-looking factors specific to the debtors and the economic environment.

Customer credit risk is managed by each business in accordance with the procedures and controls set out in the Group's credit risk management policy. Credit limits are established for all customers based on external and internal credit rating criteria and letters of credit or other forms of credit insurance cover are obtained where appropriate.

The Group assesses the recoverability of receivables continuously and debts are written off when there is no reasonable expectation of recovery. Where there is objective evidence that amounts due may not be received, specific allowances are recognised. Indicators that amounts due may not be received include financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments.

The amount of the loss allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to current receivables are not discounted if the effect of discounting is immaterial.

Notes to the consolidated financial statements
For the year ended 30 June 2023

7. Inventories

	2023 Current $M	2023 Non-current $M	2022[1] Current $M	2022[1] Non-current $M
At lower of cost and net realisable value:				
Raw materials and stores	**1,035.9**	**-**	1,292.0	-
Work in progress	**831.8**	**-**	945.8	-
Finished goods	**951.7**	**-**	1,234.6	-
Spares and other	**321.6**	**77.7**	207.0	68.7
Total inventories	**3,141.0**	**77.7**	3,679.4	68.7

1. Comparative amounts have been restated to reflect adjustments to the Coil Coatings acquisition accounting (refer to note 21.2).

During the year, $16.3M (2022: $30.7M expense) was recognised as a write-back for inventories carried at net realisable value. The write-back has been included in 'raw materials and consumables used' in the consolidated statement of comprehensive income.

7.1 Recognition and measurement

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to sell.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw materials. Costs are assigned to inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

8. Operating intangible assets

	2023 Current $M	2023 Non-current $M	2022 Current $M	2022 Non-current $M
Emission unit (EU) permits - not held for trading	**68.5**	**209.2**	79.5	172.9
Energy certificates - not held for trading	**4.9**	**-**	3.2	-
Total operating intangible assets	**73.4**	**209.2**	82.7	172.9

8.1 Recognition and measurement

Emission unit (EU) permits

Emission unit (EU) permits which are not held for trading are classified as intangible assets and are carried at cost. Intangible EU assets are not amortised as the economic benefits are realised from surrendering the rights to settle obligations arising from the emissions trading scheme.

Energy certificates

Energy certificates represent acquired permits in the Australian Steel Products segment generated from the Finley NSW solar farm as part of the Solar PPA agreement (refer to note 32.4) and various local state schemes. Energy certificates which are not held for trading are classified as intangible assets and are carried at cost.

Notes to the consolidated financial statements

For the year ended 30 June 2023

9. Trade and other payables

	Note	2023 Current $M	2023 Non-current $M	2022 Current $M	2022 Non-current $M
Trade payables		**1,747.5**	**-**	2,151.2	-
Sale of receivables	6.3	**263.1**	**-**	273.4	-
Other payables		**166.2**	**31.0**	252.9	37.0
Total trade and other payables		**2,176.8**	**31.0**	2,677.5	37.0

9.1 Recognition and measurement

Trade and other payables are all classified as financial liabilities held at amortised cost and represent liabilities for goods and services provided to the Group which are unpaid at the reporting date. The amounts are unsecured and are usually paid within 30 to 62 days of recognition.

The carrying value of trade and other payables is considered to approximate fair value due to the short-term nature of the payables.

10. Provisions

	2023 Current $M	2023 Non-current $M	2022 Current $M	2022 Non-current $M
Annual leave	**119.2**	**-**	112.5	-
Long service leave	**127.2**	**15.6**	127.7	14.0
Redundancy	**1.3**	**-**	3.2	-
Other employee benefits	**334.7**	**24.0**	460.7	22.1
Restructure	**3.2**	**4.9**	8.2	5.4
Product claims	**20.8**	**33.0**	19.2	30.7
Workers compensation	**17.5**	**80.3**	15.6	78.7
Restoration and rehabilitation	**1.0**	**41.9**	1.6	33.7
Carbon emissions	**28.5**	**-**	31.2	-
Other	**53.5**	**2.0**	7.8	1.5
Total provisions	**706.9**	**201.7**	787.7	186.1

Notes to the consolidated financial statements

For the year ended 30 June 2023

10.1 Movements in provisions

Movement in significant provisions, other than employee benefits, are set out below.

30 June 2023 ($M)	Restructure	Product claims	Workers compensation	Restoration & rehabilitation	Carbon emissions	Other
Current and non-current						
Carrying amount at the start of the year	13.6	49.9	94.3	35.3	31.2	9.3
Additional provisions recognised	0.1	24.0	24.5	1.9	58.2	51.1
Unutilised provisions written back	(1.0)	(11.9)	(5.1)	-	-	(1.5)
Amounts used during the year	(5.0)	(10.9)	(17.5)	(2.9)	(61.3)	(3.7)
Business acquisitions	-	1.3	-	5.9	-	-
Exchange differences	0.2	1.3	0.2	0.2	0.4	0.3
Asset additions	-	-	-	3.1	-	-
Unwinding of discount	0.2	0.1	1.4	(0.6)	-	-
Carrying amount at the end of the year	**8.1**	**53.8**	**97.8**	**42.9**	**28.5**	**55.5**

10.2 Recognition and measurement

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Annual leave and long service leave

The liability for annual leave and long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees. Consideration is given to expected future wage and salary levels, including on-costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields on high quality corporate bonds other than New Zealand where Government bonds are used, with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Amounts not expected to be settled within 12 months for current leave provisions

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service. The Group does not have an unconditional right to defer settlement, so the entire annual leave amount and vested portion of long service leave are presented as current. However, based on past experience, the Group does not expect all employees to take the full amount of accrued annual leave and long service leave or require payment within the next 12 months. Current annual leave and long service leave obligation expected to be settled after 12 months is $125.3M (2022: $150.8M).

Redundancy or termination benefits

Liabilities for termination benefits, not in connection with a business combination or the closure of an operation, are recognised when the Group is demonstrably committed to either terminating the employment of current employees according to a formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

The employee redundancy provision balance reflects a range of internal reorganisations. All redundancies are expected to take effect within 12 months of the reporting date.

Other employee benefits - short-term incentive plans

The Group recognises a liability and an expense for short-term incentive plan payments made to employees. The Group recognises a provision where past practice and current performance indicates that a probable constructive obligation exists. This is recorded in other employee benefits.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Restructuring costs

Liabilities arising directly from undertaking a restructuring program, defined as the closure of an operating site, are recognised when a detailed plan of the restructuring activity has been developed and implementation of the restructuring program as planned has commenced, by either entering into contracts to undertake the restructuring activities or making a detailed announcement such that affected parties are in no doubt the restructuring program will proceed.

The provision primarily relates to Australian Steel Products segment to cover estimated future costs of site closures which are to be utilised over various terms up to a maximum period of 11 years.

Product claims

Provision for claims is based on modelled data combining sales volumes with past experiences of repair and replacement levels in conjunction with any specifically identified product faults.

Workers compensation

In Australia and North America, the Company is a registered self-insurer for workers compensation. Provisions are recognised based on calculations performed by an external actuary in relation to the expectation of future events. A contingent liability exists in relation to guarantees given to various state workers compensation authorities, due to self-insurance prerequisites (refer to note 26.1).

For the Group, an actuarially determined asset of $28.2M (2022: $28.9M) has been recognised for expected future reimbursements associated with workers compensation recoveries from third parties. This amount is included in non-current other receivables (refer to note 6) as there is no legal right offset against the workers compensation provision.

Restoration and rehabilitation

Restoration and rehabilitation provisions include $4.6M (2022: $5.1M) for New Zealand Steel in relation to its operation of its iron sands mine in Waikato North Head. The provision has been classified as non-current as the timing of payments to remedy the site will not be made until cessation of operation which is not expected in the near future.

The balance of the provision relates to leased sites that require rectification and restoration work at the end of their respective lease periods, primarily within the Australian Steel Products Segment for $29.6M (2022: $28.1M).

Recognising restoration, remediation and rehabilitation provisions requires assumptions to be made as to the application of environmental legislation, site closure dates, available technologies and engineering cost estimates. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

Carbon emissions

The Group is a participant in the New Zealand Government's uncapped Emissions Trading Scheme (ETS).

A provision for carbon emissions is recognised, measured at the carrying amount of Emission Units (EUs) held. Any excess units, held for trading are measured at the current market value of EUs. ETS costs passed through from suppliers are included as part of the underlying cost of the good or service rendered. The liability is either included within trade creditors or recorded as an emissions liability within the carbon provision account when an agreement has been reached with the supplier to settle the ETS cost by transferring EUs.

When EUs are delivered to the government or a third party, the EU asset along with the corresponding carbon provision are derecognised from the consolidated statement of financial position.

Other - outstanding legal matters

ACCC civil cartel proceedings

In August 2019 the Australian Competition and Consumer Commission (ACCC) commenced civil proceedings against BlueScope and one of its former employees in the Federal Court alleging contraventions of the Australian competition law cartel provisions.

On 9 December 2022, the Federal Court found against BlueScope and its former employee on nine allegations of its former employee attempting to induce certain suppliers of flat steel products in Australia to reach an understanding on pricing.

A remedies hearing was held on 12 April 2023. BlueScope is awaiting the outcome of that hearing and no decision has been made about any appeal. Whilst the outcome of the penalty orders is uncertain, a provision of $45M has been recorded at 30 June 2023. The Court retains absolute discretion to determine penalty composition and quantum. BlueScope considers this figure a reasonable estimate of penalty and legal costs that may be awarded against BlueScope and it is consistent with BlueScope's submissions to the court.

10.3 Key accounting judgements and estimates

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Notes to the consolidated financial statements

For the year ended 30 June 2023

11. Retirement benefit obligations

11.1 Defined contribution plans

The Group makes superannuation contributions to defined contribution funds in respect of the entity's employees located in Australia and other countries. These are fixed contributions recognised as an expense as they become payable, with in the Group's legal obligation limited to these contributions.

For the current year the amount recognised as an expense was to $133.7M (2022: $106.8M).

11.2 Defined benefit plans

Country	Fund type	Description
New Zealand	Pension Fund and Retirement Savings Plan (closed to new participants)	New Zealand employees are members of the New Zealand Steel Pension Fund.
USA	Pension Plan (closed to new participants)	Certain BlueScope Coated Products (BCP) employees are members of two pension plans (BCP Pension Fund).

Defined benefit funds provide defined lump sum benefits based on an employee's years of service and salary. Actuarial assessments of the defined benefit funds are made at no more than three-yearly intervals, with summary assessments performed annually. The last formal actuarial assessments for the New Zealand Steel Pension Fund and for the BCP Pension Fund were made as at 30 June 2023.

The average duration of New Zealand defined benefit plan obligation is 12.0 years (2022: 12.5 years). The net liability is not immediately payable. Any plan surplus will be realised through reduced future Group contributions.

	New Zealand Pension Fund		BCP Pension Fund		Total	
	2023 $M	2022 $M	2023 $M	2022 $M	2023 $M	2022 $M
Present value of the defined benefit obligation	**(254.0)**	(283.1)	**(16.3)**	(14.7)	**(270.3)**	(297.8)
Fair value of defined benefit plan assets	**236.4**	234.6	**18.0**	21.4	**254.4**	256.0
Net retirement benefit (obligation) / asset	**(17.6)**	(48.5)	**1.7**	6.7	**(15.9)**	(41.8)

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11.3 Reconciliation of defined benefit plans

	Plan assets		Defined benefit obligation	
	2023	2022	2023	2022
	$M	$M	$M	$M
Balance at the beginning of the year	**256.0**	471.1	**297.8**	667.4
Actuarial losses / (gains)	**7.7**	(28.7)	**(23.6)**	(60.7)
Change in asset ceiling	**(4.7)**	-	**-**	-
Current service cost	**-**	-	**2.7**	6.1
Interest income (net of tax paid)	**8.6**	2.1	**-**	-
Interest cost	**-**	-	**9.6**	2.7
Contributions by the Group	**5.8**	88.3	**-**	-
Tax on employer contributions	**(1.9)**	(29.1)	**-**	-
Contributions by plan participants	**0.7**	1.2	**-**	-
Benefits paid	**(22.5)**	(41.4)	**(22.5)**	(41.4)
Settlements	**-**	(223.4)	**-**	(223.4)
Plan expenses	**(0.6)**	(0.5)	**-**	-
Business acquisition[1]	**-**	21.4	**-**	14.7
Foreign currency exchange rate changes	**5.3**	(5.0)	**6.5**	(5.8)
Other - contribution tax movement	**-**	-	**(0.2)**	(25.1)
Net gain on settlement - New Zealand	**-**	-	**-**	(36.7)
Balance at the end of the year	**254.4**	256.0	**270.3**	297.8

1. A provisional $6.7M North America Retirement benefit asset was acquired as part of the Coil Coatings business acquisition (refer to note 21.2).

11.4 Actuarial assumptions and sensitivity

The principal actuarial assumptions, which require estimation and judgement, used to calculate the net defined benefit balance were as follows (expressed as a weighted average). The sensitivity analysis has been determined based on a method that extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions for the year ended 30 June 2023.

			Impact on defined benefit obligation	
	Rate used	Change	Increase ($M)	Decrease ($M)
Discount rate	4.8%	+/-1%	(40.6)	44.5
Salary growth rate	2.0%	+/-1%	4.8	(4.6)

11.5 Categories of plan assets

	2023	2022
	$M	$M
Cash	**4.7**	15.4
Equity instruments	**121.7**	126.2
Debt instruments	**104.5**	86.7
Property	**23.5**	27.7
Total plan assets	**254.4**	256.0

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11.6 Amounts recognised in consolidated statement of comprehensive income

	2023 $M	2022 $M
(i) Amounts recognised in profit or loss		
Current service cost	**2.7**	6.1
Contributions by plan participants	**(0.7)**	(1.2)
Net interest	**1.0**	0.5
Plan expenses	**0.6**	0.5
Allowance for contributions tax	**1.7**	4.1
Net gain on settlement - New Zealand	**-**	(36.7)
Total included in employee benefits expense	**5.3**	(26.7)
Actual return on plan assets	**14.9**	(20.3)
(ii) Amounts recognised in other comprehensive income		
Actuarial gains recognised in other comprehensive income - defined benefit plans	**31.3**	32.0
Actuarial (losses) recognised in other comprehensive income - retirement plans	**(0.9)**	(1.1)
Total actuarial gains recognised in other comprehensive income during the year	**30.4**	30.9
Cumulative actuarial (losses) recognised in other comprehensive income on active plans	**(78.8)**	(109.2)

11.7 Employer contributions

Employer contributions to the defined benefit section of the Group's plans are based on recommendations by the plan's actuaries. The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. Total employer contributions expected to be paid for the year ending 30 June 2024 are $6.5M.

11.8 Key accounting judgements and estimates

A liability or asset in respect of defined benefit plans is measured as the present value of the defined benefit obligation less the fair value of the fund's assets. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the end of the reporting period, calculated half yearly by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields on government or corporate bonds where a deep market exists, with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, in other comprehensive income.

Past service costs are recognised in profit or loss, unless the changes to the superannuation plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period. Upon settlement the net defined benefit liability is remeasured using the current fair value of plan assets and current actuarial assumptions, including current market yields. A gain or loss on settlement, being the difference between the benefits of the plan prior to the settlement and the benefits of the plan post settlement, is recognised in profit or loss.

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation (e.g. taxes on investment income and employer contributions) are taken into account in measuring the net liability or asset.

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Invested capital

This section provides information about property, plant and equipment, non-current intangibles assets and the carrying amounts for these non-financial assets, including the accounting policies and key judgements and estimates relevant to understanding these areas.

12. Property, plant and equipment

Year ended 30 June 2023	Note	Land & Buildings $M	Plant & equipment $M	Total $M
Opening net book amount		926.9	4,383.4	5,310.3
Additions		32.8	695.2	728.0
Additions through business acquisitions	21.1	14.5	30.8	45.3
Depreciation charge		(58.7)	(415.0)	(473.7)
Disposals		(0.5)	(14.4)	(14.9)
Net impairment write-back / (charge)	14.4	(8.5)	(41.2)	(49.7)
Transfers between asset classes		330.3	(330.3)	-
Transfers (to) / from computer software		-	(0.7)	(0.7)
Exchange differences		21.2	76.4	97.6
Closing net book amount		**1,258.0**	**4,384.2**	**5,642.2**
As at 30 June 2023				
Cost		2,239.1	13,428.9	15,668.0
Accumulated depreciation and impairment		(981.1)	(9,044.7)	(10,025.8)
Net book amount		**1,258.0**	**4,384.2**	**5,642.2**
Assets under construction included above		**9.5**	**707.1**	**716.6**

Year ended 30 June 2022	Note	Land & Buildings $M	Plant & equipment $M	Total $M
Opening net book amount		765.0	3,756.9	4,521.9
Additions		46.7	705.5	752.2
Additions through business acquisitions		121.4	145.2[1]	266.6
Depreciation charge		(44.2)	(360.0)	(404.2)
Disposals		(0.4)	(2.9)	(3.3)
Net impairment write-back / (charge)	14.4	(3.4)	43.2	39.8
Asset reclassifications		10.0	(10.0)	-
Transfers (to) / from ROU Make-Good asset		(5.2)	-	(5.2)
Transfers (to) / from computer software		-	(49.4)	(49.4)
Exchange differences		37.0	154.9	191.9
Closing net book amount		**926.9**	**4,383.4**	**5,310.3**

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Year ended 30 June 2022	Note	Land & Buildings $M	Plant & equipment $M	Total $M
As at 30 June 2022				
Cost		1,837.2	13,019.5	14,856.7
Accumulated depreciation and impairment		(910.3)	(8,636.1)	(9,546.4)
Net book amount		**926.9**	**4,383.4**	**5,310.3**
Assets under construction included above		**9.8**	**825.0**	**834.8**

1. Comparative amounts have been restated to reflect adjustments to the Coil Coatings acquisition accounting (refer to note 21.2).

12.1 Sale and disposal of property, plant and equipment

	2023 $M	2022 $M
Net (loss) on sale and disposal of property, plant and equipment	**(9.4)**	(1.0)

12.2 Capital commitments

Significant capital expenditure for property, plant and equipment contracted at the end of the reporting period but not recognised as liabilities is as follows:

	2023 $M	2022 $M
Payable:		
Within one year	**386.9**	294.4
Later than one year but not later than five years	**152.1**	25.4
Later than five years	**3.1**	-
Total capital commitments	**542.1**	319.8

12.3 Recognition and measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are expensed to profit or loss during the reporting period in which they are incurred.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis over its estimated useful life or, in the case of leasehold improvements, the lease term. The useful lives of major categories of property, plant and equipment are as follows:

Category	Useful life
Land	Not depreciated
Buildings	30 - 40 years
Iron and steel making plant and machinery	20 - 40 years
Coating lines	20 - 30 years
Building components plant and equipment	12 - 18 years
Other plant and equipment	5 - 15 years

Derecognition

Property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits.

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12.4 Key accounting judgements and estimates

The estimation of the useful lives of plant and machinery has been based on historical experience and judgement with respect to technical obsolescence, physical deterioration and usage capacity of the asset in addition to any legal restrictions on usage. An asset's condition is assessed at least once a year and considered against the remaining useful life.

13. Intangible assets

Year ended 30 June 2023	Note	Goodwill $M	Patents, trademarks and other rights $M	Computer software $M	Customer relationships $M	Other intangible assets $M	Total $M
Opening net book amount		**1,800.0**	**4.4**	**132.1**	**461.1**	**32.0**	**2,429.6**
Additions		**-**	**-**	**10.9**	**-**	**-**	**10.9**
Additions through business acquisitions	21	**22.4**	**-**	**-**	**15.6**	**18.6**	**56.6**
Amortisation expense		**-**	**(0.2)**	**(22.1)**	**(48.4)**	**(10.1)**	**(80.8)**
Reclassifications from PP&E		**-**	**-**	**0.7**	**-**	**-**	**0.7**
Exchange differences		**76.6**	**0.2**	**1.8**	**17.5**	**0.8**	**96.9**
Closing net book amount		**1,899.0**	**4.4**	**123.4**	**445.8**	**41.3**	**2,513.9**
As at 30 June 2023							
Cost		**2,421.3**	**23.8**	**471.4**	**783.4**	**70.7**	**3,770.6**
Accumulated amortisation and impairment		**(522.3)**	**(19.4)**	**(348.0)**	**(337.6)**	**(29.4)**	**(1,256.7)**
Net book amount		**1,899.0**	**4.4**	**123.4**	**445.8**	**41.3**	**2,513.9**

Year ended 30 June 2022	Note	Goodwill $M	Patents, trademarks and other rights $M	Computer software $M	Customer relationships $M	Other intangible assets $M	Total $M
Opening net book amount		1,183.4	4.4	76.4	253.8	26.1	1,544.1
Additions		-	-	18.1	-	-	18.1
Additions through business acquisitions	21	488.6[1]	-	-	215.2[1]	9.6	713.4
Amortisation charge		-	(0.4)	(16.3)	(30.7)	(3.6)	(51.0)
Reclassifications from PP&E		-	-	49.4	-	-	49.4
Exchange differences		128.0	0.4	4.5	22.8	(0.1)	155.6
Closing net book amount		**1,800.0**	**4.4**	**132.1**	**461.1**	**32.0**	**2,429.6**
As at 30 June 2022							
Cost		2,319.1	22.9	460.9	739.3	50.6	3,592.8
Accumulated amortisation and impairment		(519.1)	(18.5)	(328.8)	(278.2)	(18.6)	(1,163.2)
Net book amount		**1,800.0**	**4.4**	**132.1**	**461.1**	**32.0**	**2,429.6**

1. Comparative amounts have been restated to reflect adjustments to the Coil Coatings acquisition accounting (refer to note 21.2).

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13.1 Recognition and measurement

Goodwill

Goodwill represents the excess of the fair value of the consideration paid in a business combination over the fair market value of the net assets acquired. Goodwill is not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Customisation and configuration costs for cloud computing arrangements (SaaS) are capitalised when the Company has control of a separate identifiable asset. All software data migration and training costs are expensed.

Intangible assets are subsequently measured at cost less amortisation and any impairment losses. Intangible assets with finite lives are amortised on a straight line basis over their useful life. The amortisation period and method are reviewed at each reporting date.

A summary of the useful lives of intangible assets is as follows:

Category	Useful life
Patents, trademarks and other rights	Indefinite and finite (7 - 15 years)
Computer software	Finite (3 - 10 years)
Customer relationships	Finite (10 - 20 years)

Research and development

Research expenditure is recognised as an expense as incurred. For the year ended 30 June 2023, $29.0M (2022: $26.6M) was recognised for research and development expenditure within other expenses in the consolidated statement of comprehensive income. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably.

14. Carrying value of non-financial assets

14.1 Impairment assessment

The Group tests property, plant and equipment (note 12), right-of-use assets (note 17) and intangible assets with definite useful lives (note 13) when there is an indicator of impairment. In testing for impairment, the recoverable amount is estimated for an individual asset or, if it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

Goodwill and other intangible assets with indefinite useful life are tested at least annually for any impairment. For the purpose of impairment testing, goodwill is allocated to CGUs or groups of CGUs according to the level at which management monitors goodwill.

For assets, excluding goodwill and intangible assets with an indefinite useful life or not yet available for use, an assessment is made at each reporting period to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. A previously recognised impairment loss is reversed only if there has been a change in the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods.

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14.2 Allocation of goodwill and intangible assets with indefinite useful lives to cash generating units

Goodwill is allocated to the Group's CGUs for impairment testing purposes as follows:

Cash generating units	Reportable segments	2023 $M	2022 $M
Building Products North America	Buildings and Coated Products North America	**4.2**	4.0
Buildings North America	Buildings and Coated Products North America	**330.8**	318.3
BlueScope Coated Products[1]	Buildings and Coated Products North America	**355.5**	344.2
North Star BlueScope Steel	North Star BlueScope Steel	**1,205.2**	1,130.2
Buildings China	Coated Products Asia	**3.3**	3.3
Total goodwill		**1,899.0**	1,800.0

1. Comparative amounts have been restated to reflect adjustments to the Coil Coatings acquisition accounting (refer to note 21.2).

The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. In addition to goodwill, the Group has other intangible assets with indefinite useful lives of $4.4M (2022: $4.2M) allocated to the Buildings North America CGU which primarily relates to the Varco Pruden trade names acquired in February 2008. All of the above CGUs were tested for impairment at the reporting date.

14.3 Key accounting judgements and estimates (carrying value assessment)

The recoverable amount of each CGU is determined on the basis of value-in-use (VIU), unless there is evidence to support a higher fair value less costs of disposal. BlueScope operates in markets which are impacted by economic cycles and short-term volatility. The price, cost and demand for BlueScope's products are uncertain and the Company considers a range of recognised external forecasters when assessing possible future market conditions.

The key assumptions the Group has used in its VIU calculation when determining the recoverable amount of each CGU were:

Key assumptions	Basis of estimation
Future cash flows	• VIU calculations use post-tax cash flows, inclusive of working capital movements which are based on financial projections approved by the Group covering a three-year forecast period, being the basis of the Group's forecasting and planning processes, or up to five years where circumstances pertaining to a specific CGU support a longer period. • Cash flows beyond the forecast period are extrapolated to provide a maximum of 30 years of cash flows with adjustments where necessary to reflect changes in long-term operating conditions. No terminal value is calculated.
Growth rate	• The growth rate used to extrapolate the cash flows for each CGU beyond the forecast period does not exceed 2.5% (2022: 2.5%). • The growth rate represents a steady indexation rate which does not exceed the Group's expectations of the long-term average growth rate for the business in which each CGU operates.
Discount rate	• The discount rate applied to the cash flows has been assessed to reflect the time value of money and the perceived risk profile of the industry in which each CGU operates. • The base post-tax discount rates range from 8.8% to 9.1% (2022: 8.0% to 9.5%). • Given the differing characteristics, currencies, and geographical locations of the Group's CGUs, where appropriate the base discount rate is adjusted by a country risk premium (CRP) to reflect country specific risks. Such adjustments do not reflect risks for which cash flow forecasts have already been adjusted. The CRP is derived from a range of externally sourced foreign country risk ratings.
Raw material costs	• Based on commodity price forecasts derived from a range of external commodity forecasters.
Selling prices	• Based on management forecasts, taking into account commodity steel price forecasts derived from a range of external commodity forecasters.

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Key assumptions	Basis of estimation
Sales volumes	• Based on management forecasts, taking into account external forecasts of underlying economic activity for the market sectors and geographies in which each CGU operates.
Foreign exchange rates	• Key foreign exchange rates, most prominently AUD:USD and NZD:USD, are based on forecasts derived from a range of external banks.
Climate related risks	• BlueScope considers climate change and other sustainability risks when determining the carrying value of each CGU. • The Group has climate change action plans, greenhouse gas emission reduction targets for its steelmaking sites and environmental management, water stewardship and other sustainability initiatives. The Company reports these in its annual Sustainability Report, together with a Climate Action Report (available on the Company's website). Operating and capital expenditure associated with these initiatives is, to the extent necessary, taken into account when determining the recoverable value of each CGU. • Specifically regarding climate change and greenhouse gas emission reductions, the cash flows: – include estimates of the operating and capital expenditure required to achieve the Group's 2030 carbon reduction targets and address the probable physical impact of climate change on its operations. – include consideration of the revisions to the Safeguard Mechanism (SGM) which is effective from 1 July 2023. Further information on SGM estimates and assumptions is below. – do not include the operating and capital expenditure that may be required to achieve the Group's 2050 net zero emissions goals as it is uncertain, and is highly dependent on several enablers, including: the development and diffusion of ironmaking technologies to viable, commercial scale; access to affordable, firmed large-scale renewable energy; availability of appropriate volumes of affordable green hydrogen (with natural gas enabling the transition); access to appropriate quality and sufficient quantities of economic raw materials; and supportive policies across all these enablers to underpin decarbonisation investment and avoid carbon leakage. • Where applicable, a cost of carbon net of assistance, in jurisdictions where legislation has been enacted, in particular in New Zealand, is taken into account based on a continuation of legislation as it is currently enacted.
Safeguard mechanism (ASP CGU)	• For the ASP CGU, both the Port Kembla Steelworks (PKSW) and the Western Port Works are in scope for the SGM, with PKSW at greater risk of impact given its Scope 1 emissions profile and current reduction trajectory. • A cost to comply with the SGM has been forecast for PKSW based on the guidance of the *National Greenhouse and Energy Reporting (Safeguard Mechanism) Amendment (Reforms) Rules 2023.* The cost refers to the cost to acquire Australian Carbon Credit Units (ACCUs) to offset any emissions above the relevant Scope 1 emission intensity baseline. • The key assumptions used include the PKSW and industry production Scope 1 emission intensity factors, production planning volumes, forecast ACCU prices based on external analyst forecasts, and consideration of PKSW as a trade exposed baseline adjusted facility and eligibility for a differential concessional decline rate. • The forecast does not include any amendments to pricing or other mitigating strategies to recover any incremental costs from the SGM.

14.4 Recognised impairment expense / (write-back)

	2023	2022	Discount rates in %[1]	
	$M	$M	2023	2022
Buildings Products Malaysia CGU impairment	**50.0**	-	**13.6**	-
Buildings Products Malaysia - other	**0.3**	-	**-**	-
Building Products Thailand net impairment write-back	**(0.6)**	(38.6)	**-**	10.1
Net impairment expense / (write-back) of non-current assets	**49.7**	(38.6)		

1. The discount rate used is pre-tax.

Building Products Malaysia CGU impairment

As at 30 June 2023, Building Products Malaysia recognised an impairment of property, plant and equipment of $50.0M as a result of sustained weaker than expected volumes and lower margins in the project and retail segments.

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The impairment was based on a recoverable amount of $191.0M for the CGU determined on a VIU basis using a pre-tax discount rate of 13.6%.

14.5 Cash generating units with significant goodwill

The results of impairment testing for CGUs with significant goodwill, and consideration of changes in key assumptions, are as follows:

Buildings North America CGU

Buildings North America is tested for impairment on a VIU basis using three-year cash flow projections, followed by a long-term growth rate of 2.5% for a further 27 years. Post-tax VIU cash flows are discounted utilising a 8.8% post-tax discount rate (2022: 8.0%).

At 30 June 2023 the recoverable amount of this CGU is 1.5 times (2022: 1.4 times) the carrying amount of $544M (2022: $601M), including non-current assets and net working capital. This CGU is most sensitive to assumptions in relation to North American non-residential building and construction activity. Taking into account external forecasts the Group expects non-residential building and construction activity to decrease in the longer term from FY2023 levels. However, non-residential building and construction activity in North America is uncertain. To illustrate the sensitivity of these assumptions, if they were to differ such that the expected cash flow forecasts for Buildings North America were to decrease by approximately 31% (2022: 27%) across the forecast period, without implementation of mitigation plans, the recoverable amount would be equal to the carrying amount.

BlueScope Coated Products CGU

BlueScope Coated Products is tested for impairment on a VIU basis using three-year cash flow projections, followed by a long-term growth rate of 2.5% for a further 27 years. Post-tax VIU cash flows are discounted utilising post-tax discount rate of 8.8%.

At 30 June 2023 the recoverable amount of the CGU is 1.4 times the carrying amount of $753M, including non-current assets and net working capital. This CGU is also most sensitive to assumptions in relation to North American non-residential building and construction activity, as noted above for the Buildings North America CGU. To illustrate the sensitivity of these assumptions, if they were to differ, such that the expected cash flow forecasts for BlueScope Coated Products were to decrease by approximately 30% across the forecast period, without implementation of mitigation plans, the recoverable amount would be equal to the carrying amount.

North Star BlueScope Steel CGU

North Star BlueScope is tested for impairment on a VIU basis using five-year cash flow projections, followed by a long-term growth rate of 2.5% for a further 25 years. Post-tax VIU cash flows are discounted utilising post-tax discount rate of 9.1% (2022: 9.5%).

At 30 June 2023 the recoverable amount of the CGU is 2.1 times (2022: 2.3 times) the carrying amount of $3,562M (2022: $3,320M), including non-current assets and net working capital. This CGU is most sensitive to assumptions in relation to the spread between North American hot rolled coil and purchased scrap steel prices. Recognised external forecasters expect spreads to be broadly in line relative to FY2023 levels. To illustrate the sensitivity of these assumptions, if they were to differ, such that the expected cash flow forecasts for North Star BlueScope Steel were to decrease by approximately 52% (2022: 56%) across the forecast period, without implementation of mitigation plans, the recoverable amount would be equal to the carrying amount.

14.6 Sensitivity of carrying amounts

The carrying value of property, plant and equipment of the Group is sensitive to the cash forecasts of the Australian Steel Products and New Zealand and Pacific Islands CGUs, as they are exposed to global steel macroeconomic factors. For Australian Steel Products, its recoverable value is also sensitive to the outcomes of the SGM. The recoverable amount of these CGUs is determined taking into account the key assumptions set out above.

Australian Steel Products (ASP) CGU

For ASP, recognised external forecasters estimate the Australian dollar relative to the US dollar to strengthen in the long-term relative to the year ended 30 June 2023 and estimate Asian commodity steel prices to be similar, with a decrease in iron ore and coking coal average costs relative to the year ended 30 June 2023. The Group believes that the long-term assumptions adopted are appropriate.

ASP is exposed to variable macroeconomic factors and domestic demand, and to illustrate the sensitivity of these assumptions, if they were to differ such that the expected cash flow forecasts were to decrease by approximately 19% (2022: 34%) across the forecast period, without implementation of mitigation plans, the recoverable amount would be equal to the carrying amount.

The SGM presents potential risk to the carrying value of ASP to the extent it results in incremental costs being borne in the form of acquiring ACCUs to offset emissions above the relevant Scope 1 emission intensity baseline. The potential additional cost to comply with the SGM is dependent on a range of factors including future emissions intensity, production volume, ACCU prices and the Scope 1 baseline reductions rates applied under the SGM, including consideration of PKSW as a trade exposed baseline adjusted facility. Although assumptions and estimates have been made about these factors, the final outcome may be different. To express the sensitivity of the ASP recoverable value to the cost of complying with the SGM, an increase in the cost to comply with the SGM by 20% in each year of the 30-year cash flow forecast for impairment testing, without any mitigating strategies, would reduce the recoverable amount of ASP by $50M.

Notes to the consolidated financial statements

For the year ended 30 June 2023

New Zealand and Pacific Islands (NZPI) CGU

For NZPI, recognised external forecasters estimate the New Zealand dollar relative to the US dollar to strengthen in the long-term relative to the year ended 30 June 2023 and estimate global commodity steel prices to be similar relative to the year ended 30 June 2023 in the longer term. The Group believes that the long-term assumptions adopted are appropriate.

NZPI recognised partial impairment of its non-financial assets in FY2016 and FY2020 and as at 30 June 2023 has approximately $160M available to be reversed. NZPI is exposed to variable global macroeconomic factors such as commodity steel prices and exchange rates, together with regional New Zealand factors such as domestic demand and energy costs, which impact its cash flows. While the CGU has delivered cash flows over the last two years which, if such cash flows were to continue, could support a reversal, after taking into account the variable historical earnings performance of the CGU through the economic cycle and the range of possible long-term forecast scenarios, the Company has determined that the recoverable value is consistent with the carrying value.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Capital structure and financing activities

This section provides information about the Group's cash, borrowings, contributed equity, reserves and dividends, including the accounting policies and key accounting judgements and estimates relevant to understanding these areas.

15. Cash and cash equivalents

	2023 $M	2022 $M
Cash at bank and on hand	**1,487.3**	1,680.7
Deposits at call	**2.5**	2.0
Total cash and cash equivalents	**1,489.8**	1,682.7
Bank overdrafts	**(1.1)**	(7.6)
Balance per statement of cash flows	**1,488.7**	1,675.1

15.1 Reconciliation of profit after income tax to net cash inflow from operating activities

	Note	2023 $M	2022 $M
Profit for the year		**1,098.5**	2,983.0
Depreciation and amortisation expense		**658.3**	549.5
Net impairment expense / (write-back) of non-current assets	14.4	**49.7**	(38.6)
Non-cash employee benefits expense - share-based payments	28.4	**23.4**	20.6
Net loss / (gain) on disposal of non-current assets		**9.3**	(4.2)
Share of net profits of associates and joint ventures	24, 25	**(21.3)**	(30.1)
Associate and joint venture dividends received	24, 25	**19.4**	0.5
Change in operating assets and liabilities:			
Decrease / (increase) in trade receivables		**301.8**	(400.2)
Decrease / (increase) in other receivables		**20.3**	(68.5)
Decrease / (increase) in other operating assets		**39.4**	(123.0)
Decrease / (increase) in inventories		**593.6**	(1,223.3)
Increase / (decrease) in trade payables		**(347.5)**	293.0
Increase / (decrease) in other payables		**(21.4)**	(19.9)
Increase / (decrease) in borrowing costs payable		**(2.0)**	1.1
Increase / (decrease) in income taxes payable		**(80.4)**	71.4
Increase / (decrease) in deferred tax balances		**1.0**	317.4
Increase / (decrease) in other provisions and liabilities		**(164.8)**	187.1
Movement in treasury shares	18.2	**(7.8)**	(28.8)
Cash settlement of vested equity awards		**(27.2)**	(28.8)
Other variations		**8.6**	13.8
Net cash inflow from operating activities		**2,150.9**	2,472.0

Notes to the consolidated financial statements

For the year ended 30 June 2023

15.2 Recognition and measurement

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

16. Borrowings

	2023 Current $M	2023 Non-current $M	2022 Current $M	2022 Non-current $M
Secured				
Other loans	**11.3**	**-**	-	-
Total secured borrowings	**11.3**	**-**	-	-
Unsecured				
Bank loans	**55.8**	**181.7**	168.9	168.9
Other loans[1]	**-**	**-**	436.2	-
Bank overdrafts	**1.1**	**-**	7.6	-
Deferred borrowing costs	**(4.8)**	**(0.3)**	(2.1)	(2.3)
Total unsecured borrowings	**52.1**	**181.4**	610.6	166.6
Total borrowings	**63.4**	**181.4**	610.6	166.6

1. On 25 January 2023, the Group repaid from cash US$300M senior unsecured Reg-S notes ahead of their May 2023 maturity.

16.1 Reconciliation of borrowings arising from financing activities

	2023 $M	2022 $M
Balance at the beginning of the year	**769.6**	621.7
Cash flows	**(527.7)**	100.6
Non-cash changes:		
Borrowing costs capitalised	**(0.6)**	1.5
Exchange differences	**2.4**	45.8
Balance at the end of the year (excluding bank overdrafts)	**243.7**	769.6

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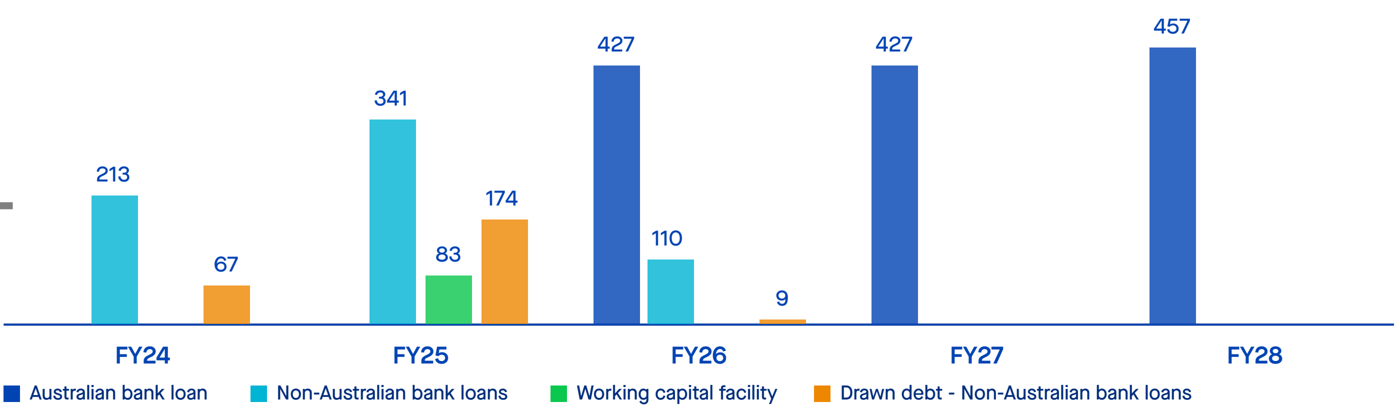
For the year ended 30 June 2023

16.2 Financing arrangements

Financing facilities available	Description
Australian bank loan	• Series of bilateral revolving facilities, totalling $1,310M. Maturities are split across July 2025, July 2026 and July 2027. The facility is currently undrawn.
Non-Australian bank loans	• Six facilities totalling THB 3,090M ($131M), maturing January 2024 to March 2026, available for NS BlueScope Steel (Thailand) Ltd cash requirements. • Four facilities totalling MYR 297M ($96M), maturing June 2024 to March 2025, to support working capital and other short-term cash requirements for NS BlueScope Steel (Malaysia) Sdn Bhd. • Two revolving facilities totalling $59M, maturing March 2025 and June 2025, available for NS BlueScope Steel (Indonesia) cash requirements. • Two US$100M revolving facilities maturing October 2023 and October 2024 for NS BlueScope Coated Products joint venture. • One US$50M term facility maturing August 2025 for NS BlueScope Coated Products joint venture.
Working capital facility[1]	• An inventory financing facility for BlueScope Steel (AIS) operates as a sale and repurchase facility whereby the inventory is sold upon shipment and repurchased by the company at the point of consumption. The facility limit is US$55M (inclusive of GST) and matures September 2024.

1. Excludes the off-balance sheet receivables securitisation programs, refer to note 6.3.

Maturity profile of committed facilities and drawn debt - June 2023



16.3 Bank overdrafts

Bank overdraft facilities are arranged with a number of banks with the general terms and conditions agreed to on a periodic basis.

16.4 Lines of credit

Unrestricted access was available at reporting date to the following lines of credit:

	2023 Total facilities $M	2023 Unused $M	2022 Total facilities $M	2022 Unused $M
Bank overdrafts	**46.5**	**45.4**	50.4	42.8
Bank loan facilities	**2,064.7**	**1,827.4**	1,771.7	1,433.9
Total facilities	**2,111.2**	**1,872.8**	1,822.1	1,476.7

Notes to the consolidated financial statements

For the year ended 30 June 2023

16.5 Contractual maturity analysis

The table below reflects all contractual repayments of principal and interest resulting from recognised financial liabilities. The amounts disclosed represent undiscounted, contractual cash flows for the respective obligations in respect of upcoming fiscal years and therefore do not equate to the values shown in the consolidated statement of financial position.

30 June 2023	Note	< 1 year $M	1 - 2 years $M	2 - 3 years $M	3 - 4 years $M	4 - 5 years $M	> 5 years $M	Total $M
Payables	9	2,176.8	6.0	6.0	6.0	6.0	7.0	**2,207.8**
Derivative financial instruments	32.4	10.0	0.7	0.8		-	20.8	**32.3**
Borrowings								
-Principal		68.2	172.9	8.8	-	-	-	**249.9**
-Interest		9.1	5.4	0.2	-	-	-	**14.7**
Total contractual repayments		**77.3**	**178.3**	**9.0**	**-**	**-**	**-**	**264.6**

30 June 2022	Note	< 1 year $M	1 - 2 years $M	2 - 3 years $M	3 - 4 years $M	4 - 5 years $M	> 5 years $M	Total $M
Payables	9	2,677.5	6.3	6.0	6.0	6.0	12.7	2,714.5
Derivative financial instruments	32.4	1.4	-	-	-	-	-	1.4
Borrowings								
-Principal		612.7	32.8	132.1	4.0	-	-	781.6
-Interest		24.2	3.0	1.4	-	-	-	28.6
Total contractual repayments		**636.9**	**35.8**	**133.5**	**4.0**	**-**	**-**	**810.2**

16.6 Borrowing costs

	2023 $M	2022 $M
Interest and finance expenses paid/payable	**26.2**	26.7
Ancillary finance expenses	**15.4**	16.9
Provisions: unwinding of discount	**1.1**	1.0
Borrowing costs expensed	**42.7**	44.6

16.7 Recognition and measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are consequently recognised in profit or loss over the term.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Notes to the consolidated financial statements

For the year ended 30 June 2023

17. Leases

17.1 Right-of-use assets

Year ended 30 June 2023	Land & Buildings $M	Plant & equipment $M	Total $M
Opening net book amount	**226.5**	**147.9**	**374.4**
Additions	**83.6**	**30.5**	**114.1**
Depreciation charge	**(59.8)**	**(44.0)**	**(103.8)**
Lease terminations	**(1.1)**	**(0.1)**	**(1.2)**
Exchange differences	**1.6**	**1.8**	**3.4**
Closing net book amount	**250.8**	**136.1**	**386.9**
As at 30 June 2023			
Cost	**651.5**	**477.2**	**1,128.7**
Accumulated depreciation and impairment	**(400.7)**	**(341.1)**	**(741.8)**
Net book amount	**250.8**	**136.1**	**386.9**

Year ended 30 June 2022	Land & Buildings $M	Plant & equipment $M	Total $M
Opening net book amount	230.3	127.6	357.9
Additions	56.1	55.1	111.2
Additions through business acquisitions	1.6	1.7	3.3
Depreciation charge	(54.7)	(39.6)	(94.3)
Lease terminations	(16.2)	(0.1)	(16.3)
Impairment charge	(1.2)	-	(1.2)
Transfers (to) / from PP&E	5.2	-	5.2
Transfers between asset classes	0.6	(0.6)	-
Exchange differences	4.8	3.8	8.6
Closing net book amount	**226.5**	**147.9**	**374.4**
As at 30 June 2022			
Cost	571.7	462.3	1,034.0
Accumulated depreciation and impairment	(345.2)	(314.4)	(659.6)
Net book amount	**226.5**	**147.9**	**374.4**

Notes to the consolidated financial statements

For the year ended 30 June 2023

17.2 Lease liabilities

Reconciliation of lease liabilities arising from financing activities

	2023 $M	2022 $M
Balance at the beginning of the year	**538.4**	541.3
Cash flows	**(111.9)**	(104.7)
Non-cash changes:		
Additions	**111.0**	111.2
Additions through business acquisitions	**-**	3.4
Lease terminations	**(1.3)**	(21.4)
Foreign Exchange differences	**5.5**	8.6
Balance at the end of the year	**541.7**	538.4
Split by:		
Current	**108.9**	102.5
Non-current	**432.8**	435.9
Total lease liability	**541.7**	538.4

Contractual maturity analysis

30 June 2023	< 1 year $M	1 - 2 years $M	2 - 3 years $M	3 - 4 years $M	4 - 5 years $M	> 5 years $M	Total $M
Lease rentals							
Lease liability	**108.9**	**78.0**	**58.6**	**42.2**	**31.0**	**223.0**	**541.7**
Interest	**27.4**	**22.3**	**18.9**	**16.1**	**14.0**	**63.8**	**162.5**
Total lease rentals	**136.3**	**100.3**	**77.5**	**58.3**	**45.0**	**286.8**	**704.2**

30 June 2022	< 1 year $M	1 - 2 years $M	2 - 3 years $M	3 - 4 years $M	4 - 5 years $M	> 5 years $M	Total $M
Lease rentals							
Lease liability	102.5	93.2	62.1	44.2	30.7	205.7	538.4
Interest	25.5	20.6	16.6	14.1	12.2	63.1	152.1
Total lease rentals	**128.0**	**113.8**	**78.7**	**58.3**	**42.9**	**268.8**	**690.5**

17.3 Amounts recognised in the profit or loss

	2023 $M	2022 $M
Depreciation expense on right-of-use assets	**103.8**	94.3
Net (gain) on lease terminations	**(0.1)**	(5.1)
Interest on lease liabilities (included in finance costs)	**29.7**	27.8
Variable lease rental expense	**38.9**	32.2
Short term lease rental expense	**3.6**	3.5
Low value lease rental expense	**8.4**	7.0
Total net expenses	**184.3**	159.7

Notes to the consolidated financial statements

For the year ended 30 June 2023

17.4 Recognition and measurement

Group as a lessee

The Group, as a lessee, is required to recognise right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

A contract that conveys rights to use an asset is regarded as a lease to the extent of such rights, notwithstanding that the contract may deal to a greater or lesser extent with other matters. Service contracts may be, in substance, wholly or partly leases.

In determining whether all or part of a contract should be recognised as a lease it may be necessary to identify the components of the contract. The component of the contract that represents service costs are not included as part of the lease rentals.

Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. Cost comprises of the following:

- The amount of the initial measurement of lease liability,
- Any lease payments made at or before the commencement date less any lease incentives received,
- Any initial direct costs; and
- Restoration costs.

The right-of-use asset is depreciated on a straight line basis over the term of the lease or over the life of the asset if ownership of the underlying asset is to be transferred at the end of the lease term. The right-of-use assets are subject to impairment and are assessed at either individual asset level, if it generates cash flows which are largely independent from other assets, or at a cash generating unit level.

Lease liabilities

The lease liability is initially measured at the present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any incentives receivable,
- Variable lease payments that are based on an index or a rate as at the commencement date; and
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option.

Variable lease payments that vary because of changes in facts or circumstances occurring after the commencement date, other than the passage of time (e.g. rentals based on usage) are excluded from lease payments recognised on balance sheet and are recognised in the profit or loss as incurred. Variable leases for the Group primarily relate to leases embedded within service agreements relating to transport and steel mill services.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by interest on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, changes in the assessment of whether a purchase option, extension option or lease termination is reasonably certain to be exercised or when there is a lease modification.

Short-term and leases of low value assets

The Group applies the short-term lease recognition exemption to its short-term leases, being a period of 12 months or less from the commencement date, and one which does not contain a purchase option. It also applies the lease of low-value assets recognition exemption, being a distinct asset worth less than $10,000 when brand new. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

17.5 Key accounting judgements and estimates

The Group has applied judgement when determining the relative standalone prices of the lease and non-lease components contained within service agreements. The lease asset rentals have been determined using estimated asset depreciation uplifted for specific contract margins.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Judgement has also been applied when determining the lease terms for lease contracts containing extension options. Lease terms have been assessed based on whether the Group is reasonably certain to exercise such options. This assessment impacts the value of the lease liability and right-of-use asset recognised. Lease extension options are at the Group's discretion of being exercised and are primarily associated with property leases within the ASP building product businesses. The use of extension options provides the Group flexibility when determining the future use of leasehold properties that meets ever changing business requirements.

Gross lease extension options, for which the Group is not reasonably certain of exercise and has been excluded from the lease liability, total $626.2M (2022: $515.4M). Of this amount, $339.6M (2022: $320.5M) relates primarily to property lease extension options beyond 2030.

18. Contributed equity

18.1 Share capital and treasury shares

Parent Entity	2023 Shares	2022 Shares	2023 $M	2022 $M
Issued fully paid ordinary shares	**455,566,042**	470,602,388	**2,710.5**	2,987.7
Treasury shares	**(2,157,971)**	(1,517,531)	**(37.5)**	(29.7)
Total contributed equity	**453,408,071**	469,084,857	**2,673.0**	2,958.0

18.2 Contributed equity movements

	2023 Shares	2022 Shares	2023 $M	2022 $M
Issue of ordinary shares during the year				
Opening balance	**470,602,388**	503,806,240	**2,987.7**	3,650.8
Share buybacks	**(15,036,346)**	(33,203,852)	**(272.3)**	(650.6)
Share rights settled	**-**	-	**(6.7)**	(15.6)
Share rights - excess tax deduction	**-**	-	**1.8**	3.1
Ordinary share capital	**455,566,042**	470,602,388	**2,710.5**	2,987.7
Movement in treasury shares				
Opening balance	**(1,517,531)**	(50,154)	**(29.7)**	(0.9)
Shares purchased on market	**(2,050,000)**	(3,000,000)	**(35.4)**	(66.5)
Share rights settled	**1,409,560**	1,532,623	**27.6**	37.7
Treasury shares	**(2,157,971)**	(1,517,531)	**(37.5)**	(29.7)
Total contributed equity	**453,408,071**	469,084,857	**2,673.0**	2,958.0

Share buy-backs

As at 30 June 2023, a total of 15,036,346 shares had been bought back at an average cost of $18.11 (including $0.3M brokerage costs) as part of the FY2023 share buy-back program. An additional 788,000 shares ($12.5M) that were bought back in the prior financial year were settled in July 2022 and are reported in the consolidated statement of cash flows.

The Board has approved an increase of the buy-back program, to allow up to $400M to be bought over the next 12 months. The timing and value of stock purchased will be dependent on the prevailing market conditions, share price and other factors.

Share rights

As at 30 June 2023, $4.9M net of tax was recorded in share capital representing shares acquired on-market in excess of the accounting expense of the settled equity schemes.

Treasury Shares

Treasury shares are shares purchased in BlueScope Steel Limited that are held by the BlueScope Employee Share Trust for the purpose of issuing shares under employee share right awards. In September 2022 and March 2023, 1,450,000 and 600,000 shares were

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purchased on market at an average cost of $16.29 and $19.60 which are available to be utilised for future settlement of equity share award schemes.

18.3 Capital risk management

Management monitors its capital structure through various key financial metrics with an emphasis on net debt. The Group's net debt is managed through the economic price cycle to ensure access to finance at reasonable cost regardless of the point in the cycle. On occasions, the Group will take advantage of certain investment opportunities where an increased level of net debt will be tolerated, provided there is sufficient future cash flow strength and flexibility to be confident of credit strengthening rather than uncertainty and risk of credit weakening.

In managing equity, all methods of returning funds to shareholders outside of dividend payments or raising funds are considered within the context of its balance sheet objectives. In managing debt, the Group seeks a diversified range of funding sources and maturity profiles. Sufficient flexibility is maintained within committed facilities in order to provide the business with the desired liquidity support for operations and to pursue its strategic objectives.

	Note	2023 $M	2022 $M
Total borrowings	16	**244.8**	777.2
Lease liabilities	17.2	**541.7**	538.4
Less: Cash and cash equivalents	15	**(1,489.8)**	(1,682.7)
Net (cash) debt		**(703.3)**	(367.1)
Total equity		**11,030.7**	10,448.1
Total capital		**10,327.4**	10,081.0
Gearing ratio		**0.0%**	0.0%

18.4 Recognition and measurement

Ordinary shares

Ordinary shares are classified as equity and have no par value. Ordinary shares carry one vote per share, the right to participate in dividends and entitle the holder to the proceeds on winding up of the Group in proportion to the number of shares held.

The proceeds of share buy-backs are deducted from equity, including directly attributable incremental costs (net of income taxes). No gain or loss is recognised in profit or loss.

19. Reserves

	2023 $M	2022 $M
Hedging	**(18.0)**	23.4
Share-based payments	**73.9**	71.0
Foreign currency translation	**440.9**	226.8
Non-distributable profits	**53.4**	48.8
Asset realisation	**180.5**	180.5
Asset revaluation	**(15.3)**	(11.7)
Controlled entity acquisition	**(21.9)**	(21.9)
Total reserves	**693.5**	516.9

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19.1 Movements in reserves

30 June 2023	Hedging $M	Share based payments $M	Foreign currency translation $M	Non-Distributable profits $M	Asset realisation / revaluation $M	Controlled entity acquisition $M	Total $M
Opening balance	23.4	71.0	226.8	48.8	168.8	(21.9)	516.9
Net gain / (loss) on cash flow hedges	(57.5)	-	-	-	-	-	(57.5)
Net gain / (loss) on net investments in foreign subsidiaries	-	-	7.1	-	-	-	7.1
Share-based payments expense	-	23.4	-	-	-	-	23.4
Vesting of share awards	-	(20.5)	-	-	-	-	(20.5)
Deferred tax	17.0	-	(2.0)	-	-	-	15.0
Transfer to inventory / PP&E	(0.9)	-	-	-	-	-	(0.9)
Transfers from retained profits	-	-	-	4.6	-	-	4.6
Investment revaluation	-	-	-	-	(3.6)	-	(3.6)
Exchange differences	-	-	209.0	-	-	-	209.0
Closing balance	(18.0)	73.9	440.9	53.4	165.2	(21.9)	693.5

30 June 2022	Hedging $M	Share based payments $M	Foreign currency translation $M	Non-Distributable profits $M	Asset realisation / revaluation $M	Controlled entity acquisition $M	Total $M
Opening balance	6.4	63.6	(101.1)	44.7	165.2	(21.9)	156.9
Net gain / (loss) on cash flow hedges	19.7	-	-	-	-	-	19.7
Net gain / (loss) on net investments in foreign subsidiaries	-	-	11.7	-	-	-	11.7
Share-based payments expense	-	20.6	-	-	-	-	20.6
Vesting of share awards	-	(13.2)	-	-	-	-	(13.2)
Deferred tax	(7.2)	-	(3.5)	-	-	-	(10.7)
Transfer to inventory / PP&E	4.5	-	-	-	-	-	4.5
Transfers from retained profits	-	-	-	4.1	-	-	4.1
Investment revaluation	-	-	-	-	3.6	-	3.6
Exchange differences	-	-	319.7	-	-	-	319.7
Closing balance	23.4	71.0	226.8	48.8	168.8	(21.9)	516.9

19.2 Nature and purpose of reserves

Hedging reserve

Records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.

Share-based payments reserve

Recognises the value of equity-settled share-based payments provided to employees, including Key Management Personnel, as part of their remuneration.

Foreign currency translation reserve

Records exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of the translation of the net investments in foreign operations. The cumulative amount is reclassified to the consolidated statement of comprehensive income when the foreign subsidiary is disposed of.

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Non-distributable profit reserve

In certain overseas operations local regulations require a set amount of retained profit to be set aside and not be distributed as a dividend.

Asset realisation reserve

Arises from the disposal of 50% interest in BlueScope's ASEAN and west coast North American Building Product businesses to Nippon Steel Corporation in March 2013.

Asset revaluation reserve

Arises from the investment held by New Zealand Steel Ltd in Steel & Tube Holdings Ltd. Designated changes in fair value are recognised in the asset revaluation reserve (refer to note 22).

Controlled entity acquisition reserve

Arises from the Group's acquisition of the remaining 40% non-controlling interest in BlueScope Steel (Malaysia) Sdn Bhd and 5% of Lysaght Thailand Ltd and BlueScope Steel Thailand Ltd, adjusted for the subsequent 50% disposal of their additional interests into BlueScope and Nippon Steel Corporation joint venture established in March 2013. This item represents the difference between the amount paid and the balance of the non-controlling interest acquired.

20. Dividends

20.1 Ordinary shares

	Parent entity			
	Date paid	Franked	Cents per share	Amount $M
Declared and paid during the period				
For the year ended 30 June 2023:				
FY23 interim ordinary dividend (fully franked)	27 March 2023	100% franked	**25.0**	**115.9**
FY22 final ordinary dividend (unfranked)	12 October 2022	0% franked	**25.0**	**117.2**
Total dividends paid			**50.0**	**233.1**
For the year ended 30 June 2022:				
FY22 interim ordinary dividend (unfranked)	29 March 2022	0% franked	25.0	122.4
FY21 final ordinary dividend (unfranked)[1]	13 October 2021	0% franked	44.0	221.6
Total dividends paid			69.0	344.0

1. Comprises 25 cents per share final ordinary dividend and 19 cents per share special dividend.

20.2 Dividends not recognised at year-end

For the year ended 30 June 2023, the Directors have approved the payment of a fully franked dividend of 25 cents per fully paid ordinary share. The proposed dividend expected to be paid, but not recognised as a liability at year end, is $113.9M.

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20.3 Dividend franking account

	Parent entity 2023 $M	2022 $M
Actual franking account balance as at the reporting date	**112.8**	-
Adjustments to franking account balance	**65.9**	139.3
Franking credits available for future years based on a tax rate of 30%	**178.7**	139.3

The franking credits available represent the balance of the franking account as at the reporting date, adjusted for:

- franking credits / debits that will arise from the payment / receipt of the amount of the provision for income tax;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

20.4 Recognition and measurement

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

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Group structure

This section provides information about the Group's structure including equity accounted investments, its controlled entities and when applicable, any business acquisitions or disposals. It includes the accounting policies and key judgements and estimates relevant to understanding these areas.

21. Business combinations

21.1 Ohio scrap business acquisition

On 8 August 2022, the Group acquired a ferrous scrap metal processing business in Ohio (USA) for US$84.9M. This acquisition complements the December 2021 purchase of the US ferrous scrap metal recycling business of MetalX LLC. The acquired scrap businesses operate as BlueScope Recycling and Materials.

During the year ending 30 June 2023, the purchase price accounting for the acquisition was finalised. Details of the purchase consideration, and the fair value of the identifiable net assets acquired are provided below:

	$M US$	$M A$
Fair value of identifiable assets acquired, and liabilities assumed:		
Inventories	11.2	16.7
Property, plant and equipment	30.9	45.3
Intangible assets[1]	23.1	34.2
Total identifiable net assets at fair value	**65.2**	**96.2**
Goodwill recognised on acquisition	19.7	26.4
Purchase consideration transferred	**84.9**	**122.6**
Outflow of cash to acquire business, net of cash acquired:		
Purchase consideration	84.9	122.6
Add: Acquisition costs	1.1	1.6
Outflow of cash	**86.0**	**124.2**

1. Intangibles represent external customer relationships (US$10.5M) to be amortised over 10 years and supplier relationships (US$12.6M) to be amortised over 3 years.

Goodwill recognised on acquisition represents the premium paid above the fair value of identifiable net assets acquired. The balance relates to intangible assets acquired as part of the acquisition, which are not separately identifiable. Management has identified the goodwill on the basis of the acquisition providing the Company an important presence and expertise in scrap processing further supporting the supply of scrap steel to the North Star business. The goodwill is deductible for tax purposes over 15 years.

From the date of acquisition, the business has contributed revenues of $209.4M and earnings before interest and tax (EBIT) of $12.0M to the Group.

21.2 Coil Coatings acquisition

On 28 June 2022, the Group acquired the Coil Coatings business from Cornerstone Buildings Brands, Inc. Coil Coatings is the second largest metal painter in the US, with a total capacity of around 900,000 tonnes per annum across seven facilities, predominantly serving commercial and industrial construction applications. The acquired businesses operate as BlueScope Coated Products.

Finalisation of purchase price accounting – restatement of comparative financial information

Given the proximity of the acquisition to the prior year end 30 June 2022, the identifiable net assets recognised on acquisition were reported on a provisional basis at that time. Since 30 June 2022, the provisional amounts have been finalised based on new information obtained, including external valuations on identifiable intangible assets and property, plant and equipment.

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For the year ended 30 June 2023

Based on external valuations and further assessment of working capital and provisions, based on facts in existence at date of acquisition, this had the impact of recognising a US$130.5M asset for external customer relationships (to be amortised over 15 years), a US$29.9M increase to property and equipment, a US$13.5M decrease to inventory and a decrease to net assets by US$7.1M for other adjustments. A final adjustment to the purchase price (receivable of US$9.8M) also decreased total consideration transferred to US$490.2M. These adjustments have decreased the value of goodwill by US$149.6M to US$235.2M from the provisionally accounted position as at 30 June 2022.

The comparative balances for intangible assets (non-current), property, plant and equipment (non-current) and inventories (current) have been restated to reflect these adjustments made within the measurement period for the acquisition of Coil Coatings. These adjustments have decreased the comparative balance of goodwill by US$146.9M ($213.6M) and total intangible assets in the consolidated statement of financial position by US$16.4M ($23.2M) from the previously reported position as at 30 June 2022.

Details of the purchase consideration, and fair values of the net assets acquired are provided below:

	$M US$	$M A$
Fair value of identifiable assets acquired, and liabilities assumed:		
Cash	0.8	1.1
Trade and other receivables	26.9	38.2
Inventories	33.7	47.9
Property, plant and equipment	113.0	160.6
Right-of-use assets	1.9	2.7
Intangible assets	130.5	185.5
Retirement benefit asset	1.2	1.7
Other assets	0.2	0.3
Total assets	**308.2**	**438.0**
Trade and other payables	28.4	40.4
Borrowings	4.5	6.3
Other provisions	18.4	25.5
Lease liabilities	1.9	2.7
Total liabilities	**53.2**	**74.9**
Total identifiable net assets at fair value	**255.0**	**363.1**
Goodwill recognised on acquisition	235.2	332.8
Purchase consideration transferred	**490.2**	**695.9**

Goodwill recognised on acquisition represents the premium paid above the fair value of identifiable net assets acquired. Management has identified the goodwill on the basis of the acquisition providing immediate access to the large and growing Eastern US region in addition to near-term synergies and potential for medium to longer-term growth through facility upgrades, product development, and branded products. The goodwill is deductible for tax purposes over 15 years.

During the year, additional acquisition expenses totalling US$8.7M ($12.7M) have been paid.

21.3 MetalX acquisition

In the prior year, the Group acquired the US ferrous scrap metal recycling business of MetalX LLC, for a purchase consideration of US$218.3M ($306.8M). Contingent consideration of US$20M ($29.1M) was included in the purchase price which has since been paid in full during the current reporting period.

21.4 Key accounting judgements and estimates

Judgement is required to determine the fair value of assets acquired and liabilities assumed in a business combination, which can have a material impact on the determination of goodwill. This includes the use of external experts who use various valuation techniques to determine an appropriate fair value for working capital, land and buildings, plant and equipment, and identifiable intangible assets such as customer and supplier relationships.

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22. Other investments - fair value through other comprehensive income (OCI)

	2023 $M	2022 $M
Gross investment	**46.8**	42.6
Fair value revaluation	**(19.8)**	(12.4)
Total other investments	**27.0**	30.2

Other investments represents New Zealand Steel Limited's (NZS) 15.8% interest in Steel & Tube Holdings Limited (Steel & Tube), a company listed on the NZ stock exchange and a customer of NZS. NZS neither has control (requiring consolidation) nor joint control nor significant influence (requiring equity accounting) over this investment. This investment is recorded at fair value with changes recognised in an equity reserve.

23. Subsidiaries and non-controlling interests

23.1 Subsidiaries

Name of entity	Note	Country of incorporation	Equity holding 2023 (in %)	Equity holding 2022 (in %)
Amari Wolff Steel Pty Ltd	a.	Australia	100	100
Australian Iron & Steel Pty Ltd		Australia	100	100
BlueScope APT Holdings Pty Ltd	a.	Australia	100	100
BlueScope Building and Construction Limited	a.	Australia	100	100
BlueScope Distribution Pty Ltd	a.	Australia	100	100
BlueScope Pacific Steel (Fiji) Pty Limited	a.	Australia	100	100
BlueScope Pty Ltd		Australia	100	100
BlueScope Steel (AIS) Pty Ltd		Australia	100	100
BlueScope Steel (Finance) Limited		Australia	100	100
BlueScope Steel Americas Holdings Pty Ltd		Australia	100	100
BlueScope Steel Asia Holdings Pty Ltd		Australia	100	100
BlueScope Steel Employee Share Plan Pty Ltd		Australia	100	100
BlueScope Water Australia Pty Ltd	a.	Australia	100	100
BlueScope X Pty Ltd		Australia	100	100
Fielders Manufacturing Pty Ltd	a.	Australia	100	100
Glenbrook Holdings Pty Ltd		Australia	100	100
John Lysaght (Australia) Pty Ltd		Australia	100	100
Laser Dynamics Australia Pty Ltd	a.	Australia	100	100
Lysaght Building Solutions Pty Ltd	a.	Australia	100	100
Metalcorp Steel Pty Limited	a.	Australia	100	100
New Zealand Steel (Aust) Pty Limited	a.	Australia	100	100
Orrcon Distribution Pty Ltd	a.	Australia	100	100
Orrcon Manufacturing Pty Ltd	a.	Australia	100	100
Permalite Aluminium Building Solutions Pty Ltd	a.	Australia	100	100
The Roofing Centre (Tasmania) Pty Ltd	a.	Australia	100	100
NS BlueScope Lysaght (B) Sdn Bhd	b.	Brunei	30	30
BlueScope Bliss Buildings (Shanghai) Co Ltd		China	100	100
BlueScope Building Systems (Xi'an) Co Ltd		China	100	100
BlueScope Lysaght (Shanghai) Limited		China	100	100
BlueScope Steel (Suzhou) Co. Ltd		China	100	100
BlueScope Steel Investment Management (Shanghai) Co Ltd		China	100	100
Butler (Shanghai) Inc		China	100	100
Butler (Tianjin) Inc		China	100	100
BlueScope Lysaght (Fiji) Pte Limited		Fiji	68	68
BlueScope Steel North Asia Ltd		Hong Kong	100	100
BlueScope Steel India (Private) Ltd		India	100	100
PT BlueScope Buildings Indonesia	f.	Indonesia	100	100
PT BlueScope Distribution Indonesia		Indonesia	100	100
PT NS BlueScope Indonesia	b.	Indonesia	50	50

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Name of entity	Note	Country of incorporation	Equity holding 2023 (in %)	Equity holding 2022 (in %)
PT NS BlueScope Lysaght Indonesia	b.	Indonesia	50	50
PT NS BlueScope Service Center Indonesia	b.	Indonesia	50	50
BlueScope Buildings (Malaysia) Sdn Bhd		Malaysia	100	100
NS BlueScope Malaysia Sdn Bhd	b.	Malaysia	50	50
NS BlueScope Asia Sdn Bhd	b.	Malaysia	50	50
NS BlueScope Lysaght Malaysia Sdn Bhd	b.	Malaysia	30	30
NS BlueScope Lysaght Sabah Sdn Bhd	b.	Malaysia	25	25
Global BMC (Mauritius) Holdings Limited		Mauritius	100	100
Butler de Mexico S. de R.L. de C.V.		Mexico	100	100
Butler Manufacturas S de R.L. de C.V.	f.	Mexico	100	100
NS BlueScope Lysaght Myanmar Limited	b.	Myanmar	50	50
BlueScope Acier Nouvelle Caledonie SA	c.	New Caledonia	65	65
BlueScope Steel Finance NZ Limited		New Zealand	100	100
BlueScope Steel Trading NZ Limited		New Zealand	100	100
New Zealand Steel Development Limited		New Zealand	100	100
New Zealand Steel Holdings Ltd		New Zealand	100	100
New Zealand Steel Limited		New Zealand	100	100
Pacific Steel (NZ) Limited		New Zealand	100	100
SteelServ Limited		New Zealand	100	100
Steltech Structural Ltd		New Zealand	100	100
Tasman Steel Holdings Ltd		New Zealand	100	100
Toward Industries Ltd		New Zealand	100	100
Waikato North Head Mining Limited		New Zealand	100	100
BlueScope Steel International Holdings SA		Panama	100	100
BlueScope Steel Philippines Inc		Philippines	100	100
BlueScope Buildings (Singapore) Pte Ltd		Singapore	100	100
NS BlueScope Holdings Thailand Pte Ltd	b.	Singapore	50	50
NS BlueScope Lysaght Singapore Pte Ltd	b.	Singapore	50	50
NS BlueScope Pte Ltd	b.	Singapore	50	50
Steelcap Insurance Pte Ltd		Singapore	100	100
BlueScope Steel Southern Africa (Pty) Ltd		South Africa	100	100
BlueScope Lysaght Taiwan Limited	f.	Taiwan	80	80
BlueScope Buildings (Thailand) Ltd		Thailand	80	80
NS BlueScope (Thailand) Limited	b.	Thailand	40	40
NS BlueScope Lysaght (Thailand) Limited	b.	Thailand	40	40
Steel Holdings Company Limited	b.	Thailand	40	40
BlueScope Steel International Ltd	f.	UK	100	100
ASC Profiles LLC	b.	USA	50	50
BIEC International Inc		USA	100	100
BlueScope Blazer LLC		USA	100	100
BlueScope Buildings North America Inc		USA	100	100
BlueScope Buildings North America Engineering (Michigan) LLC		USA	100	100
BlueScope Coated Products LLC		USA	100	100
BlueScope Construction Inc		USA	100	100
BlueScope Finance (Americas) LLC		USA	100	100
BlueScope Properties Development LLC		USA	100	100
BlueScope Properties Group LLC		USA	100	100
BlueScope Properties Holdings LLC		USA	100	100
BlueScope Steel Americas LLC		USA	100	100
BlueScope Steel Holdings (USA) Partnership		USA	100	100
BlueScope Steel Investments 2 LLC		USA	100	100
BlueScope Steel Investments 3LLC		USA	100	100
BlueScope Steel Investments Inc		USA	100	100
BlueScope Steel North America Corporation		USA	100	100
BPG Apopka Properties 1 LLC		USA	100	100
BPG Arizona 1 LLC		USA	100	100
BPG AB Olathe 1 LLC	e.	USA	100	-
BPG Dove Valley 1 LLC		USA	100	100
BPG Dove Valley 2 LLC		USA	100	100
BPG Mid Florida South 1 LLC	e.	USA	100	-

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Name of entity	Note	Country of incorporation	Equity holding 2023 (in %)	Equity holding 2022 (in %)
BPG North Canton 1 LLC	f.	USA	100	100
BPG Olathe 1 LLC		USA	100	100
BPG Sanford 1 LLC	f.	USA	100	100
BPG Tradeport East 1 LLC		USA	100	100
BlueScope Recycling and Materials LLC		USA	100	100
BlueScope Recycling and Materials Transport LLC		USA	100	100
Butler Holdings Inc		USA	100	100
Butler Pacific Inc		USA	100	100
Fulton County Properties LLC		USA	100	100
IPI Waterloo LLC		USA	100	100
North Star BlueScope Steel LLC		USA	100	100
NS BlueScope Holdings USA LLC	b.	USA	50	50
Steelscape LLC	b.	USA	50	50
Steelscape Washington LLC	b.	USA	50	50
Tri-Star Investment Company LLC		USA	100	100
VSMA Inc		USA	100	100
BlueScope Lysaght (Vanuatu) Ltd	c. d.	Vanuatu	39	39
BlueScope Buildings Vietnam Limited		Vietnam	100	100
NS BlueScope Lysaght (Vietnam) Limited	b.	Vietnam	50	50
NS BlueScope Vietnam Limited	b.	Vietnam	50	50

All subsidiaries incorporated in Australia are members of the BlueScope Steel Limited tax consolidated group (refer to note 30.4).

The references in the table above refer to the following:

a. These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with ASIC Corporations (wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission (refer to note 31).

b. These entities are part of the joint venture established between BlueScope and Nippon Steel Corporation in March 2013 and have been classified as controlled entities because of the Group's unilateral right to appoint the CEO (and other Key Management Personnel), approval of the operating budget and retaining significant decision-making authority.

c. These controlled entities are audited by firms other than Ernst & Young and affiliates.

d. The Group's ownership of the ordinary share capital in this entity represents a beneficial interest of 39% represented by its 65% ownership in BlueScope Acier Nouvelle Caledonie SA, which in turn has 60% ownership of the entity.

e. New entities incorporated/acquired during the year.

f. Entities in the process of liquidation.

23.2 Non-controlling interests (NCI)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Financial information of subsidiaries that have material non-controlling interests, as determined by reference to the net assets of the Group, are provided below. The equity interest stated is that held by non-controlling interests.

	Country of incorporation	NCI equity holding 2023 (in %)	NCI equity holding 2022 (in %)
NS BlueScope (Steel) Thailand Ltd	Thailand	60	60
Steelscape LLC	USA	50	50

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	2023 $M	2022 $M
Accumulated balances of material non-controlling interest:		
NS BlueScope (Steel) Thailand Ltd	**194.6**	189.7
Steelscape LLC	**168.0**	246.1
Profit / (loss) allocated to material non-controlling interest:		
NS BlueScope (Steel) Thailand Ltd	**20.1**	43.1
Steelscape LLC	**13.7**	94.5

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

	NS BlueScope (Steel) Thailand Ltd		Steelscape LLC	
	2023 $M	2022 $M	2023 $M	2022 $M
Summarised statement of financial position				
Current assets	**210.7**	276.6	**368.9**	490.3
Non-current assets	**279.9**	286.6	**170.7**	162.0
Total assets	**490.6**	563.2	**539.6**	652.3
Current liabilities	**138.0**	169.1	**145.3**	108.8
Non-current liabilities	**28.2**	77.9	**58.3**	51.3
Total liabilities	**166.2**	247.0	**203.6**	160.1
Net assets	**324.4**	316.2	**336.0**	492.2
Attributable to:				
Owners of BlueScope Steel Limited	**129.7**	126.5	**168.0**	246.1
Non-controlling interests	**194.7**	189.7	**168.0**	246.1
Summarised statement of comprehensive income				
Revenue	**567.9**	659.4	**961.8**	1,335.2
Expenses	**(528.8)**	(618.3)	**(934.3)**	(1,146.2)
Impairment write-back of non-current assets	**-**	46.0	**-**	-
Profit before tax	**39.1**	87.1	**27.5**	189.0
Income tax (expense)	**(5.5)**	(15.3)	**-**	-
Profit after tax	**33.6**	71.8	**27.5**	189.0
Attributable to non-controlling interests	**20.1**	43.1	**13.7**	94.5
Dividends paid to non-controlling interest	**20.1**	27.6	**97.3**	47.3

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	NS BlueScope (Steel) Thailand Ltd 2023 $M	2022 $M	Steelscape LLC 2023 $M	2022 $M
Summarised statement of cash flows				
Cash inflow / (outflow) from operating activities	**120.7**	(47.7)	**139.2**	81.8
Cash (outflow) from investing activities	**(6.4)**	(7.0)	**(13.2)**	(14.0)
Cash (outflow) from financing activities	**(102.1)**	(18.9)	**(182.1)**	(73.7)
Net increase / (decrease) in cash and cash equivalents	**12.2**	(73.6)	**(56.1)**	(5.9)

24. Investment in associates

	2023 $M	2022 $M
Investment in associates	**0.4**	1.3

Name of entity	Country of incorporation	Equity holding 2023 (in %)	Equity holding 2022 (in %)
Saudi Building Systems Manufacturing Company Ltd	Saudi Arabia	30	30
NS BlueScope Lysaght (Sarawak) Sdn Bhd	Malaysia	25	25
Tri Star Metal Alliance LLC	USA	33	33

24.1 Movements in carrying amounts

	2023 $M	2022 $M
Carrying amount at the beginning of the year	**1.3**	0.4
Share of profits after income tax	**0.8**	0.8
Dividends received/receivable	**(1.4)**	(0.5)
Reserve movements	**(0.2)**	(0.1)
Business acquisition	**-**	0.6
Exchange differences	**(0.1)**	0.1
Carrying amount at the end of the year	**0.4**	1.3

24.2 Contingent assets and liabilities relating to associates

There were no contingent assets and liabilities relating to investments in associates.

24.3 Recognition and measurement

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates in the consolidated financial statements reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

25. Investment in joint ventures

	2023 $M	2022 $M
Interest in joint ventures	**141.0**	138.9

The Group has a 50% interest in Tata BlueScope Steel Private Ltd (TBSL), an Indian resident, the principal activity of which is to manufacture metallic coated and painted steel products.

25.1 Movements in carrying amounts

	Tata BlueScope Steel	
	2023 $M	2022 $M
Carrying amount at the beginning of the year	**138.9**	108.9
Share of profit after income tax	**20.5**	29.3
Dividends received/receivable	**(18.0)**	-
Reserve movements	**0.4**	(3.1)
Exchange differences	**(0.8)**	3.8
Carrying amount at the end of the year	**141.0**	138.9

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25.2 Summarised financial information

	Tata BlueScope Steel 2023 $M	2022 $M
Summarised statement of financial position		
Cash and cash equivalents	**51.8**	72.1
Financial investments	**41.4**	29.9
Other current assets	**165.0**	147.5
Non-current assets	**269.5**	123.7
Total assets	**527.7**	373.2
Current borrowings and lease liabilities	**16.6**	10.6
Other current liabilities	**76.9**	58.3
Non-current borrowings and lease liabilities	**134.5**	8.0
Other non-current liabilities	**17.7**	18.5
Total liabilities	**245.7**	95.4
Net assets	**282.0**	277.8
Proportion of the Group's ownership (%)	**50.0**	50.0
Carrying amount of the investment	**141.0**	138.9
Summarised statement of comprehensive income		
Revenues	**623.8**	547.8
Expenses	**(562.6)**	(464.3)
Depreciation and amortisation expense	**(11.5)**	(10.1)
Net finance income	**4.7**	4.1
Profit before income tax	**54.4**	77.5
Income tax (expense)	**(13.4)**	(18.9)
Profit after income tax	**41.0**	58.6
Group's share of profit for the year	**20.5**	29.3
Group's share of capital commitments	**0.5**	0.5

25.3 Contingent liabilities relating to joint ventures

Disputed rent

The Jharkhand Government has been in a land rental dispute with Tata Steel for several years and this matter impacts the rental costs of TBSL as a sub-tenant of Tata Steel. BlueScope's 50% share of this contingent liability is $6.8M (2022: $6.4M).

Taxation

TBSL has direct and indirect tax computations which have been submitted but not agreed by the relevant authorities. TBSL has provided for the amount of tax it expects to pay taking into account professional advice it has received. The matters currently in dispute could result in amendments to the original computations. BlueScope's 50% share of the potential amendments is $5.3M (2022: $5.2M).

25.4 Secured liabilities and assets pledged as security

The Tata BlueScope Steel borrowings and lease liabilities totalling $151.1M (2022: $18.6M) are secured against property, plant and equipment.

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25.5 Recognition and measurement

Joint arrangements are classified as joint operations or joint ventures based on the rights and obligations of the parties to the joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement ('joint operators') have rights to the assets, and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement ('joint venturers') have rights to the net assets of the arrangement.

The interests in joint ventures are accounted for in the financial statements using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss, and the share of post-acquisition movements in reserves is recognised in other comprehensive income.

Profits or losses on transactions establishing a joint venture and transactions with a joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

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Unrecognised items

This section provides information about items that are not recognised in the financial statements as they do not yet satisfy the recognition criteria but could potentially have an impact on the Group's financial position and performance.

26. Contingencies

26.1 Contingent liabilities

The Group had contingent liabilities as at 30 June 2023 in respect of:

Outstanding legal matters

There are a range of individually immaterial outstanding legal matters that were contingent on court decisions, arbitration rulings and private negotiations to determine amounts required for settlement.

Guarantees

In Australia, BlueScope Steel Limited has provided $89.2M (2022: $88.7M) in guarantees to various state workers compensation authorities as a prerequisite for self-insurance. An amount, net of recoveries, of $62.7M (2022: $58.9M) has been recognised as recommended by independent actuarial advice.

Bank guarantees have been provided to customers and suppliers in respect of the performance of goods and services provided and purchases of goods and services which are immediately callable by default. Bank guarantees outstanding as at 30 June 2023 totalled $144.7M (2022: $143.8M).

Taxation

The Group operates in many countries across the world, each with separate taxation authorities, which results in significant complexity. At any point in time there are tax computations which have been submitted but not agreed by those tax authorities and matters which are under discussion between Group companies and the tax authorities. The Group provides for the amount of tax it expects to pay taking into account those discussions and professional advice it has received. While the conclusion of such matters may result in amendments to the original computations, the Group does not believe that such adjustments will have a material adverse effect on its financial position, although such adjustments may be significant to any individual year's income statement.

Regulatory

The Group is subject to extensive government laws and regulation, including environmental, greenhouse gas emissions, tax, occupational health and safety, competition law and trade restrictions in each of the countries in which it operates. The Group is also subject to risks posed by the conduct of our employees and other participants in the supply chain and to the risk of regulatory investigations into compliance with government laws and regulations which could be lengthy and costly.

26.2 Contingent assets

There are no material contingent assets required for disclosure as at 30 June 2023 (2022: Nil).

27. Subsequent events

Other than matters outlined elsewhere in the financial report, no other matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, results of operations or state of affairs of the Group in subsequent accounting periods.

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Other information

This section of the notes includes information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements but are not considered critical in understanding the financial performance or position of the Group.

28. Share-based payments

28.1 Share award schemes

Eligible employees of the Group have the right to participate in the Group's share plans. Shares, share rights and performance rights are offered in these share plans and are granted by the Company to eligible employees of the Group. This note should be read in conjunction with the Remuneration Report which forms part of the Directors' Report and contains detailed information regarding remuneration for Key Management Personnel.

STI share award (STI)

The Board approved the annual FY2023 STI for the CEO and executives, being a one-year equity program. No amount will be paid in cash. Performance was assessed against a range of financial and other measures aligned with the returns delivered to shareholders from the implementation of initiatives under the Group's strategic plan.

Long Term Alignment Rights Plan (LTAR)

The LTAR plan is a program determined annually by the Board, which awards share rights to the CEO and eligible senior management. The share rights are designed to build share ownership and reward senior management for long-term value creation, and are part of the Group's overall recognition and retention strategy. The share rights give the right to receive an ordinary share at a later date subject to the satisfaction of certain performance criteria and continued employment with the Group.

The share rights available for exercise are contingent on the Group's achievement of a three-year rolling average Return on Invested Capital (ROIC) and debt leverage, as well as individual adherence to Our Bond. Share rights that fail to meet performance vesting conditions will lapse upon the expiry date, or sooner upon employee resignation or termination. Plans have been granted at $Nil exercise price.

Deferred Equity / Retention Rights Award (RR)

The Board awarded deferred equity awards to senior management throughout the Group, with no performance hurdles required to be met. The equity award gives the right to receive an ordinary share at a later date subject to continued employment with the Group.

Talent Retention Equity Rights (TRE)

The Board awarded talent retention equity rights to selected senior management. The equity award gives the right to receive an ordinary share at a later date subject to maintaining personal performance ratings above the required level and continued employment with the Company.

Non-Executive Director Salary Sacrifice Share Plan (NED)

The Board awarded a fee sacrifice plan to non-executive directors, designed to provide them the opportunity to acquire share rights through sacrificing a fixed portion of their fees covering periods of 6 months intervals. The share rights are being settled by an on-market purchase of BlueScope Steel Limited shares.

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28.2 Fair value of share rights granted
The fair value of the share rights granted during the year ended 30 June 2023 are as follows:

Fair Value inputs	FY2023 STI award	FY2023 LTAR plan	FY2023 TRE rights	FY2023 NED Tranche 1	FY2023 NED Tranche 2
Grant date	7-Dec-22	7-Dec-22	7-Dec-22	18-Mar-22	18-Mar-22
Vesting date	30-Jun-23	30-Jun-25	31-Aug-24	31-Dec-22	30-Jun-23
Share rights granted	271,504	1,141,526	112,500	5,051	4,476
Fair value estimate at grant date ($)	17.95	17.00	17.47	16.84	16.63
Cash settled rights[1]	-	67,448	10,000	-	-
Valuation date share price ($)	18.31	18.31	18.31	19.65	19.65
Expected dividend yield (%)	2.75	2.75	2.75	2.65	2.65
Expected risk-free interest rate (%)	3.09	3.07	3.07	0.82	0.82
Expected share price volatility (%)	35.00	35.00	35.00	35.00	35.00

1. The cash settled rights have been issued to eligible employees in Asia who are entitled to receive cash bonuses three years from grant date, in place of shares. The fair value of the cash rights is calculated as the sum of the market value of shares and dividends that would have otherwise been received.

In addition to the above, in FY2023, there were various sign-on rights awarded to selected ELT and senior management totalling 80,430 share rights.

28.3 Cash and equity settled awards outstanding

	STI award	LTAR plan	TRE rights	RR and Sign-on rights	NED plan
Outstanding at the beginning of the year	63,899	3,487,471	100,000	160,865	3,277
Granted during the year	271,504	1,212,724	122,500	80,430	9,527
Exercised during the year	(54,070)	(1,304,945)	-	(92,668)	(8,328)
Lapsed during the year	(9,829)	(116,788)	(3,000)	-	-
Outstanding at the end of the year	**271,504**	**3,278,462**	**219,500**	**148,627**	**4,476**
Exercisable at the end of the year	**271,504**	**1,400,632**	**-**	**50,618**	**4,476**

The average share price for the year ended 30 June 2023 was $17.98 (2022: $20.66). The weighted average remaining contractual life of share rights outstanding at the end of the reporting period was 1 year (2022: 1 year).

28.4 Expense arising from share-based payment transactions

	2023 $M	2022 $M
Employee share rights expense	**23.4**	20.6
Employee share awards expense	**1.3**	0.6
Total net expense arising from share-based payments	**24.7**	21.2

28.5 Recognition and measurement

Equity settled transactions
The fair value of equity settled awards is recognised as an employee benefit expense with a corresponding increase to the share based payments reserve within equity. The amount to be expensed is determined by reference to the fair value of the share awards or share rights granted, which includes any market performance conditions but excludes the impact of non-market performance vesting conditions.

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Non-market vesting conditions are included in assumptions about the number of share awards or share rights that are expected to vest. The expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are expected to be satisfied. At the end of each period, the entity revises its estimates of the number of share awards and share rights that are expected to vest based on non-market vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the expected vesting period has expired and the number of rights that are expected to ultimately vest. This number is based on the best available information at the reporting date. No expense is recognised for awards that do not ultimately vest due to a performance condition not being met, except for share rights where vesting is only conditional upon a market condition. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Upon the exercise of equity settled share awards, the balance of the share-based payments reserve relating to those rights and awards is transferred to share capital. The dilutive effect, if any, of outstanding rights is reflected as additional share dilution in the computation of diluted earnings per share.

Cash settled transactions

The ultimate expense recognised in relation to cash-settled transactions will be equal to the actual cash paid to the employees, which will be the fair value at settlement date. The expected cash payment is estimated at each reporting date and a liability is recognised to the extent that the vesting period has expired and in proportion to the amount of the awards that are expected to ultimately vest.

28.6 Key accounting judgements and estimates

The fair value of equity settled awards at grant date is independently determined by an external valuer using a Black-Scholes option pricing model that includes a Monte Carlo simulation analysis, which takes into account the exercise price, the term of the share right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the share right.

29. Related party transactions

29.1 Parent entities

The ultimate parent entity within the Group is BlueScope Steel Limited, which is incorporated in Australia.

29.2 Key management personnel compensation

	2023 $'000	2022 $'000
Short-term employee benefits	**10,444.4**	10,023.8
Post-employment and other long-term benefits	**504.3**	514.9
Share-based payments	**7,443.4**	6,314.4
Total Key Management Personnel compensation	**18,392.1**	16,853.1

29.3 Transactions with other related parties

The following transactions occurred with related parties other than Key Management Personnel or entities related to them:

	2023 $M	2022 $M
Sales of goods and services		
Sales of goods to associates	**2.4**	3.3
Superannuation contributions		
Contribution to superannuation funds on behalf of employees	**139.5**	192.8

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29.4 Outstanding balances
The following balances are outstanding at the reporting date in relation to transactions with related parties other than key management personnel:

	2023 $M	2022 $M
Current receivables (sales of goods and services)		
Associates	**1.0**	0.8

29.5 Terms and conditions
Sales of finished goods and purchases of raw materials from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

The terms and conditions of the tax funding agreement are set out in note 30.4.

Outstanding balances are unsecured and are repayable in cash.

Other director transactions with Group entities
Transactions with related parties of directors of subsidiaries within the BlueScope Steel Group total $1.8M (2022: $1.8M). These transactions have been made on commercial arm's length terms and conditions.

30. Parent entity financial information

30.1 Summary financial information

	Parent entity	
	2023 $M	2022 $M
Summarised statement of comprehensive income		
Revenue	**4,265.2**	4,438.3
Other Income	**2.9**	9.6
Impairment (expense) / write-back of non-current assets	**(15.6)**	59.2
Finance costs	**(148.6)**	(60.1)
Other expenses	**(4,155.8)**	(4,490.3)
Profit / (loss) before income tax	**(51.9)**	(43.3)
Income tax (expense) / benefit	**8.1**	33.3
Profit / (loss) for the year	**(43.8)**	(10.0)
Other comprehensive income / (loss) for the year	**(15.5)**	10.4
Total comprehensive income / (loss) for the year	**(59.3)**	0.4

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	Parent entity 2023 $M	Parent entity 2022 $M
Summarised statement of financial position		
Assets		
Current assets	**2,463.3**	3,433.7
Non-current assets	**3,739.9**	3,624.6
Total assets	**6,203.2**	7,058.3
Liabilities		
Current liabilities	**2,975.2**	3,257.7
Non-current liabilities	**119.6**	119.3
Total liabilities	**3,094.8**	3,377.0
Net assets	**3,108.4**	3,681.3
Equity		
Contributed equity	**2,710.6**	2,987.7
Share-based payments reserve	**33.9**	37.3
Hedge reserve	**1.4**	16.9
Profits reserve[1]	**2,025.0**	2,258.1
Retained losses	**(1,662.5)**	(1,618.7)
Total equity	**3,108.4**	3,681.3

1. Profits reserve represents profits available for distribution to BlueScope Steel Limited shareholders as dividends.

Current liabilities largely comprise balances with other entities within the Group. These balances will not be called within the next 12 months.

30.2 Guarantees entered into by the parent entity

In Australia, the parent entity has given $89.2M (2022: $88.7M) in guarantees to various state workers compensation authorities as a prerequisite for self-insurance and has entered into a deed of cross-guarantee with certain Australian wholly-owned subsidiaries (note 31). Additionally, the parent entity has provided financial guarantees to subsidiaries in respect of the following:

	Parent entity 2023 $M	Parent entity 2022 $M
Bank overdrafts and loans of subsidiaries	**1,385.6**	1,077.7
Other loans (unsecured)	**-**	436.2
Trade finance facilities	**226.7**	218.1
Total	**1,612.3**	1,732.0

30.3 Capital commitments

As at 30 June 2023, the parent entity had capital commitments for property, plant and equipment of $183.3M (2022: $32.8M). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

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For the year ended 30 June 2023

30.4 Recognition and measurement

The financial information for the parent entity BlueScope Steel Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the financial statements of BlueScope Steel Limited.

Tax consolidation legislation

BlueScope Steel Limited and its wholly-owned Australian controlled entities have entered into a tax sharing and funding agreement in relation to their participation in the tax consolidation regime. Under the terms of this agreement, the wholly-owned entities reimburse BlueScope Steel Limited for any current tax payable assumed and are compensated by BlueScope Steel Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to BlueScope Steel Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from BlueScope Steel Limited, which is issued as soon as practicable after the end of each financial year. BlueScope Steel Limited may require payment of interim funding amounts to assist with its obligations to pay tax instalments.

The tax sharing agreement limits the joint and several liability of the wholly-owned entities in the case of a default by BlueScope Steel Limited. At the reporting date, the possibility of default is considered remote.

The tax consolidated group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group. Intercompany receivables of $102.6M (2022: $389.9M) and intercompany payables of $4.4M (2022: nil) of BlueScope Steel Limited have been recognised as a tax consolidated adjustment.

31. Deed of cross-guarantee

BlueScope Steel Limited and certain Australian wholly owned subsidiaries are parties to a deed of cross-guarantee (Deed) under which each company guarantees the debts of the others. The companies in the Deed are referenced in Note 23.1, and are as follows:

- Amari Wolff Steel Pty Ltd
- BlueScope Building and Construction Ltd
- BlueScope Distribution Pty Ltd
- BlueScope Pacific Steel (Fiji) Pty Limited
- BlueScope Steel Limited
- BlueScope APT Holdings Pty Ltd
- BlueScope Water Australia Pty Ltd
- Fielders Manufacturing Pty Ltd
- Lysaght Building Solutions Pty Ltd
- Laser Dynamics Australia Pty Ltd
- Metalcorp Steel Pty Ltd
- New Zealand Steel (Aust) Pty Ltd
- Orrcon Distribution Pty Ltd
- Orrcon Manufacturing Pty Ltd
- Permalite Aluminium Building Solutions Pty Ltd
- The Roofing Centre (Tasmania) Pty Ltd

By entering into the Deed, wholly owned subsidiaries which are large proprietary companies have been relieved from their requirement to prepare a financial report and Directors' Report under ASIC (wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

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31.1 Statement of comprehensive income and a summary of movements in consolidated retained losses

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross-guarantee that are controlled by BlueScope Steel Limited, they also represent the 'extended closed group'.

Statement of comprehensive income	Deed 2023 $M	2022 $M
Revenue	**5,529.5**	5,685.7
Other income	**2.8**	10.1
Changes in inventories of finished goods and work in progress	**(261.6)**	350.8
Raw materials and consumables used	**(3,399.0)**	(4,308.3)
Employee benefits expense	**(713.5)**	(754.4)
Depreciation and amortisation expense	**(133.1)**	(130.5)
Impairment (expense) / write-back of non-current assets	**(29.3)**	(47.5)
Freight on external despatches	**(365.4)**	(324.1)
External services	**(273.6)**	(278.2)
Finance costs	**(155.7)**	(66.9)
Other expenses from ordinary activities	**(176.9)**	(137.7)
Profit / (loss) before income tax	**24.2**	(1.0)
Income tax (expense)	**(19.0)**	(13.8)
Profit / (loss) for the year	**5.2**	(14.8)
Other comprehensive income / (loss) for the year	**(5.4)**	11.3
Total comprehensive income / (loss) for the year	**(0.2)**	(3.5)

Summary of movements in consolidated retained losses	Deed 2023 $M	2022 $M
Retained losses at the beginning of the year	**(1,604.0)**	(1,589.2)
Net profit / (loss) for the year	**5.2**	(14.8)
Retained losses at the end of the year	**(1,598.8)**	(1,604.0)

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31.2 Statement of financial position

	Deed 2023 $M	2022 $M
ASSETS		
Current assets		
Cash and cash equivalents	**0.2**	0.2
Trade and other receivables	**2,169.7**	2,839.9
Contract assets	**2.0**	1.5
Inventories	**803.7**	1,245.7
Deferred charges and prepayments	**23.2**	19.4
Total current assets	**2,998.8**	4,106.7
Non-current assets		
Trade and other receivables	**-**	6.5
Inventories	**26.1**	24.6
Other financial assets	**2,450.2**	2,458.0
Property, plant and equipment	**837.3**	677.2
Right-of-use assets	**184.5**	160.4
Deferred tax assets	**59.6**	77.1
Intangible assets	**62.2**	71.3
Deferred charges and prepayments	**4.1**	8.3
Total non-current assets	**3,624.0**	3,483.4
Total assets	**6,622.8**	7,590.1
LIABILITIES		
Current liabilities		
Trade and other payables	**652.8**	947.1
Borrowings	**2,172.1**	2,217.3
Lease liabilities	**51.3**	51.6
Provisions	**243.4**	284.6
Contract liabilities	**16.8**	24.2
Current tax liabilities	**65.8**	139.3
Total current liabilities	**3,202.2**	3,664.1
Non-current liabilities		
Trade and other payables	**13.9**	15.3
Lease liabilities	**177.1**	154.4
Provisions	**56.9**	58.4
Deferred income	**0.5**	0.7
Total non-current liabilities	**248.4**	228.8
Total liabilities	**3,450.6**	3,892.9
Net assets	**3,172.2**	3,697.2
EQUITY		
Contributed equity	**2,710.6**	2,987.7
Share-based payments reserve	**33.9**	37.3
Hedging reserve	**1.5**	18.1
Profits reserve	**2,025.0**	2,258.1
Retained losses	**(1,598.8)**	(1,604.0)
Total equity	**3,172.2**	3,697.2

Notes to the consolidated financial statements

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32. Financial instruments and risk

32.1 Financial assets and liabilities

30 June 2023	Note	Debt instruments at amortised cost $M	Equity instruments at FVOCI $M	Derivative instruments at fair value $M	Financial liabilities at amortised cost $M	Total carrying amount $M
Financial assets						
Receivables	6	**1,891.8**	**-**	**-**	**-**	**1,891.8**
Equity investment	22	**-**	**27.0**	**-**	**-**	**27.0**
Derivative financial instruments	32.4	**-**	**-**	**33.9**	**-**	**33.9**
		1,891.8	**27.0**	**33.9**	**-**	**1,952.7**
Financial liabilities						
Payables	9	**-**	**-**	**-**	**(2,207.8)**	**(2,207.8)**
Borrowings	16	**-**	**-**	**-**	**(244.8)**	**(244.8)**
Lease liabilities	17.2	**-**	**-**	**-**	**(541.7)**	**(541.7)**
Derivative financial instruments	32.4	**-**	**-**	**(32.3)**	**-**	**(32.3)**
Total net financial assets / (liabilities)		**1,891.8**	**27.0**	**1.6**	**(2,994.3)**	**(1,073.9)**

30 June 2022	Note	Debt instruments at amortised cost $M	Equity instruments at FVOCI $M	Derivative instruments at fair value $M	Financial liabilities at amortised cost $M	Total carrying amount $M
Financial assets						
Receivables	6	2,173.1	-	-	-	2,173.1
Equity investment	22	-	30.2	-	-	30.2
Derivative financial instruments	32.4	-	-	91.6	-	91.6
		2,173.1	30.2	91.6	-	2,294.9
Financial liabilities						
Payables	9	-	-	-	(2,714.5)	(2,714.5)
Borrowings	16	-	-	-	(777.2)	(777.2)
Lease liabilities	17.2	-	-	-	(538.4)	(538.4)
Derivative financial instruments	32.4	-	-	(1.4)	-	(1.4)
Total net financial assets / (liabilities)		**2,173.1**	**30.2**	**90.2**	**(4,030.1)**	**(1,736.6)**

32.2 Risk management

The Board of Directors has overall responsibility for overseeing the management of financial risks, and approves policies for financial risk management with the objective of supporting the delivery of financial targets while protecting future financial security.

The Group's Audit Committee regularly reviews the financial risk management framework to ensure it is appropriate when considering any changes in market conditions. It reviews financial risk management controls and procedures and oversees how management monitors compliance with these, and monitors the levels of exposure to fluctuations in commodity prices, interest rates, and foreign exchange rates.

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Risk	Exposure arising from	Measurement	Management
Foreign exchange risk	Foreign currency payables and receivables (primarily USD) and investments in foreign currency entities.	Sensitivity analysis and cash flow forecasting	Hedged with forward foreign exchange contracts or internal net investment hedges of foreign operations, as disclosed in note 32.3.
Interest rate risk	Floating interest rate bearing liabilities (2023: $227.9M, 2022: $315.3M) and investments in cash and cash equivalents (2023: $1,489.8M, 2022: $1,682.7M).	Sensitivity analysis	The profit impact from a reasonably possible movement in interest rates (+/- 100 basis points) is +/- $9.6M net of tax.
Commodity price risk	International steel prices (primarily hot rolled coil and slab), and commodity prices including iron ore, coal, scrap, zinc, aluminium, electricity and brent oil.	Sensitivity analysis	Forward commodity contracts as disclosed in note 32.3. The equity impact from a reasonably possible movement in brent oil prices (+/- 10 %) is +/- $6.5M net of tax.
Liquidity risk	Difficulty in meeting obligations associated with financial liabilities.	Rolling cash flow forecasts	The Group's net exposure to liquidity risk is not significant based on available funding facilities and cash flow forecasts. Refer to note 16.2 for a summary of the Group's material financing facilities. When undertaking financing facilities, the Group considers a liquidity buffer which is reviewed at least annually.
Credit risk (counterparties / geographical)	• Possibility that counterparties to the Group's financial assets, including cash, receivables and derivative financial instruments, will fail to settle their obligations under their contracts. • Large number of customers internationally dispersed with trades in several major geographical regions. • Regions in which the Group has a significant credit exposure are Australia, USA, China, South-East Asia and New Zealand. • Significant transactions with major customers, being Kanji Group, Southern Group, Liberty OneSteel and Fletcher Building Group within the Australian and New Zealand operations and Worthington Industries Inc. within the North American operations.	Ageing fair value exposure management	• Establish credit approvals and limits, including the assessment of counterparty creditworthiness. • Undertake monitoring procedures such as periodic assessments of the financial viability of its counterparties and reviewing terms of trade. • Obtain letters of credit from financial institutions to guarantee the underlying payment from trade customers. • Undertake debtor insurance to cover selective receivables for both commercial and sovereign risks.

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32.3 Foreign currency risk exposure and sensitivity analysis (A$/US$)

	2023 $M	2022 $M
Cash and cash equivalents	**55.8**	23.7
Trade and other receivables	**52.9**	28.8
Forward foreign exchange contracts	**4.2**	3.8
Forward commodity contracts	**5.3**	33.8
Commodity option	**11.0**	11.7
Financial assets	**129.2**	101.8
Trade and other payables	**107.7**	334.8
Borrowings	**39.3**	35.3
Forward commodity contracts	**1.5**	-
Financial liabilities	**148.5**	370.1
Net exposure	**(19.3)**	(268.3)

	Post-tax profit higher (lower)		Equity higher (lower)	
Judgement of reasonably possible movements:	2023 $M	2022 $M	2023 $M	2022 $M
A$/US$ + 10% (2022: +10%)	**2.4**	18.5	**2.4**	18.5
A$/US$ - 10% (2022: -10%)	**(3.2)**	(23.1)	**(3.2)**	(23.1)

32.4 Commodity price and foreign exchange risk management

The Group uses derivative instruments to manage commodity price risk and foreign exchange risk by entering into forward contracts. Derivatives are used only for the purposes of managing these risks and not for speculative purposes.

	2023		2022	
	Current $M	Non-current $M	Current $M	Non-current $M
Forward foreign exchange contracts - cash flow hedges	**4.2**	**-**	3.9	-
Commodity option	**-**	**11.0**	-	11.6
Forward commodity contracts - cash flow hedges	**5.3**	**-**	25.2	8.6
Solar PPA	**6.0**	**7.4**	22.1	20.2
Financial assets	**15.5**	**18.4**	51.2	40.4
Forward foreign exchange contracts - fair value hedges	**3.0**	**-**	1.4	-
Forward commodity contracts - cash flow hedges	**-**	**1.5**	-	-
Electricity forward commodity contracts - cash flow hedges	**7.0**	**-**	-	-
NZ electricity PPA	**-**	**20.8**	-	-
Financial liabilities	**10.0**	**22.3**	1.4	-
Net exposure	**5.5**	**(3.9)**	49.8	40.4

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Forward foreign exchange contracts

The Group has entered into forward foreign exchange contracts designated as cash flow hedges relating to foreign currency sales and purchases, plant and equipment purchases and hedging of net working capital exposures. For the cash flow hedges relating to future commitments not recognised in the consolidated statement of financial position the effective portion of gains and losses are recognised directly in equity. Otherwise, they are being marked to market through profit or loss in line with the Group's risk management strategy.

Forward commodity contracts

In September 2019, the Group entered into a Gas Supply Agreement with Esso Australia for its Australian business from 1 January 2021 to 31 December 2025, with the contract price linked to Brent Oil in US dollars. Given exposure to a variable Brent Oil price, 95% of the first three year's exposure has been hedged. The forward contract has been designated as cash flow hedge with the effective portion of gains and losses recognised in equity.

Commodity option

As part of the sale agreement of New Zealand Steel Mining Limited to Taharoa Mining Investments Limited (TMIL), BlueScope is eligible to receive future royalties of US$1.66 per dry metric tonne (DMT) when the Platts Index Quotation is equal or greater than US$65 per DMT. The royalty period is for iron sand shipments made between years 2 and 11 from 1 May 2017. The royalty agreement ends on 10 May 2028.

The key inputs impacting the value of the derivative are the Platts index iron ore price, the historical volatility of iron ore prices, the credit worthiness of TMIL and production risk. The royalty was valued at US$7.3M as at 30 June 2023 (2022: US$7.9M). The royalty value is reassessed at each reporting date with any movement in the fair value of the derivative fair valued through the profit and loss and included in discontinued operations. Royalties received for the year were $6.5M (2022: $6.0M).

Solar PPA

The Group entered into a solar power purchase agreement (Solar PPA) in June 2018 for a period of seven years from the commencement of commercial production of a 133MW solar farm situated in Finley NSW. The project was completed in February 2020 and the Group's percentage offtake is 88MW or 66% of the total output. The Group has no involvement in financing, operating and maintaining the solar farm.

The Solar PPA is not a physical electricity supply contract. It operates as a 'contract for differences' (CfD) whereby the parties have agreed to a 'strike price'. If the NSW electricity spot price is higher than the strike price then the solar farm will pay the difference to the Company and vice versa if the spot price is lower than the strike price. The CfD is a derivative and is required to be fair valued at each reporting date with any movements recorded in the profit or loss.

The key inputs impacting the value of the derivative are the strike price, the contract period, forward NSW electricity spot prices (level 3 unobservable input), future estimates of the Group's share of solar output and the credit worthiness of the service provider. The 30 June 2023 PPA derivative receivable was valued at $13.4M (2022: receivable $42.3M). The fair value decreased due to lower forecast future spot electricity prices. The profit impact from a reasonably possible movement in spot electricity prices (+/- 10 %) is +/- $3.5M net of tax.

NZ electricity PPA

In May 2023 New Zealand Steel Limited (NZS) entered into an agreement with Contact Energy Limited to provide price certainty for a fixed amount of electricity from 1 December 2025 to 30 November 2035. No physical transfer of electricity will take place under the agreement which is structured as a CfD, whereby the parties have agreed a 'strike price' for a fixed quantity of electricity for a 10-year term. Where the spot price exceeds the strike price, Contact Energy will pay the difference to NZS and vice versa if the spot price is lower than the strike price.

The CfD has been designated in a hedging relationship against NZS's highly probable future electricity purchases with the CfD's fair value movements, that are deemed to be an effective hedge, being recognised in other comprehensive income until the forecast transactions occur in future. Any ineffective portion of the CfD's fair value movements is presented in profit or loss.

The key inputs impacting the value of the CfD are the strike price, the contract period, forward electricity spot prices (level 3 unobservable input) and the credit worthiness of the service provider. The 30 June 2023 CfD payable was valued at $20.8M. The fair value decreased primarily due to lower forecast future spot electricity prices. The profit impact from a reasonably possible movement in spot electricity prices (+/- 10 %) is +/- $10M net of tax.

Notes to the consolidated financial statements

For the year ended 30 June 2023

32.5 Fair values

The carrying amounts and estimated fair values of the Group's financial instruments recognised in the financial statements are materially the same, with the exception of the following in the comparative period:

	2023		2022	
	Carrying amount $M	Fair value $M	Carrying amount $M	Fair value $M
Non-traded financial liabilities				
Other loans	-	-	436.2	444.2
Net assets / (liabilities)	-	-	(436.2)	(444.2)

On 25 January 2023, the Group repaid from cash US$300M senior unsecured Reg-S notes ahead of their May 2023 maturity.

The fair value of interest bearing financial liabilities where no market exists is based upon discounting the expected future cash flows by the current market interest rates on liabilities with similar risk profiles that are available to the Group (level 3).

Valuation of financial instruments

For financial instruments measured and carried at fair value, the Group uses the following to categorise the method used:

Valuation method	Description
Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (i.e. derived from prices)
Level 3	Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

Derivatives valued using valuation techniques with market observable inputs are primarily foreign exchange forward contracts and commodity forward contracts and power-purchase agreements (structured as CfDs). These valuations reference forward pricing using present value calculations. The forward price incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, and forward rate curves of the underlying commodity. The fair value of forward commodity exchange contracts and forward foreign exchange contracts are considered level 2 valuations (note 32.4) and the commodity royalty option is considered level 3.

32.6 Recognition and measurement of derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The relationship between hedging instruments and hedged items, the risk management objective and the strategy for undertaking hedge transactions, is documented at the inception of the hedge transaction. The effectiveness of the derivatives in offsetting changes in the cash flows of hedged items is assessed and documented on an ongoing basis.

Cash flow hedges

Cumulative changes in the fair value of derivatives that are designated in a cash flow hedge are recognised in other comprehensive income, to the extent that the movements are an effective hedge, and accumulated in the hedging reserve in equity. Any cumulative changes in the fair value of a derivative that are deemed to be ineffective are recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in the hedging reserve are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, when a hedged forecast transaction results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in the hedging reserve are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation in the case of fixed assets.

Notes to the consolidated financial statements

For the year ended 30 June 2023

Net investment in foreign operations

Net investments in foreign operations are accounted for similarly to cash flow hedges. Gains and losses accumulated in the foreign currency translation reserve are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

Discontinuation of hedge accounting

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the hedging reserve is immediately reclassified to profit or loss.

33. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group, and its related practices:

	2023 $'000	2022 $'000
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities	**3,244**	2,598
Fees for other assurance services under legislation	**-**	-
Fees for other assurance and agreed-upon-procedures services where there is discretion as to whether the service is provided by the auditor or another firm	**-**	-
Fees for other services		
- Tax compliance	**35**	56
- Advisory related	**901**	411
Total fees to Ernst & Young (Australia)	**4,180**	3,065
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	**3,395**	2,719
Fees for other assurance services under legislation	**-**	-
Fees for other assurance and agreed-upon-procedures services where there is discretion as to whether the service is provided by the auditor or another firm	**-**	-
Fees for other services		
- Tax compliance	**110**	13
Total fees to overseas member firms of Ernst & Young (Australia)	**3,505**	2,732
Total auditor's remuneration	**7,685**	5,797
Comprising:		
Total fees for audit services	**6,639**	5,317
Total fees for other services	**1,046**	480

Notes to the consolidated financial statements

For the year ended 30 June 2023

34. New accounting standards

34.1 New and amended accounting pronouncements adopted in the current year

All new and amended Australian Accounting Standards and Interpretations mandatory from 1 July 2022, and relevant to the Group, have been adopted. These include the narrow scope amendments to the following standards:

- AASB 116 *Property, Plant and Equipment* - in relation to proceeds before intended use
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* - in relation to onerous contracts and the cost of fulfilling a contract
- AASB 3 *Business combinations* - in relation to references to the Conceptual Framework
- AASB 112 *Income Taxes* - in relation to the mandatory exception for deferred taxes arising from the OECD's Pillar Two model rules.

The adoption of the amending standards has not resulted in any changes to the financial results or position of the Group.

34.2 New accounting standards, amendments and interpretations not yet adopted by the Group

There are a number of new and amending accounting standards effective for reporting periods beginning from or after 1 July 2023 with early adoption permitted. While these remain subject to ongoing assessment, the Group has not early adopted any of the new and amending standards and they have not been applied in preparing the financial report.

The following amending standards relevant to the Group are not expected to have a significant impact upon the Group's consolidated financial statements:

Reference	Description
AASB 17 Insurance Contracts (effective 1 July 2023)	AASB 17 introduces new requirements for recognising, measuring and disclosing information about insurance contracts issued and reinsurance contracts held. The Group's captive insurance entity, Steelcap Insurance Pte Ltd will reflect the requirements of AASB 17 and is expected to apply the simplified 'premium allocation approach' to its direct and reinsurance contracts.
AASB 2021-5 Deferred tax related to assets and liabilities arising from a single transaction (effective 1 July 2023)	The AASB issued amendments to AASB 112 Income Taxes to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. The amendment requires companies to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The Group's existing policy is to recognise deferred tax assets and corresponding deferred tax liabilities for these obligations, so the amendment is not expected to have any impact on the Group.
AASB 2021-2 Disclosure of accounting policies and definition of accounting estimates (effective 1 July 2023)	AASB 2021-2 amends a number of accounting standards to improve accounting policy disclosures and clarify the distinction between changes in accounting policies and accounting estimates. In particular, amendments to AASB 101 Presentation of Financial Statements require entities to disclose material accounting policy information, rather than significant accounting policies.
AASB 2023-2 International Tax Reform – Pillar Two Model Rules (effective 1 July 2023)	AASB 2023-2 amends AASB 112 Income Taxes to provide a mandatory temporary exception to accounting for deferred taxes arising from the implementation of the OECD's Pillar Two model rules. Additionally, the amendment introduces targeted disclosure requirements to enable financial statement users to better understand the Group's income tax exposure resulting from new legislation. The Group has applied the temporary exception retrospectively in the current period and has included additional disclosures as required.
AASB 2020-1, 2020-6, 2022-6 Classification of Liabilities as Current or Non-current (effective 1 July 2024)	The requirements of AASB 101 Presentation of Financial Statements are amended to clarify that a liability, that is neither held for trading nor part of an entity's normal operating cycle, is classified as non-current if an entity has the right to defer settlement for at least 12 months after the reporting period. Furthermore, an entity is to disclose information about covenants relating to non-current liabilities for which the right to defer settlement for at least 12 months is subject to the entity adhering to certain conditions. The Group will adopt these amendments and include disclosures in the consolidated financial statements for the year ending 30 June 2025.

Directors' declaration

In the Directors' opinion:

a. the financial statements and notes set out on pages 86 - 158 are in accordance with the *Corporations Act 2001*, including:

   i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date, and

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

c. at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 31 will be able to meet any liabilities to which they are, or may become, subject by virtue of the deed of cross-guarantee described in note 31, and

d. the financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in the 'About this report' section of the notes to the consolidated financial statements.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This report has been made in accordance with a resolution of the Directors.

John Bevan
Chairman

Mark Vassella
Managing Director and Chief Executive Officer

21 August 2023

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Independent auditor's report to the members of BlueScope Steel Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of BlueScope Steel Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Carrying value of property, plant & equipment (PPE) and intangible assets (including goodwill)

Why significant	How our audit addressed the key audit matter
As required by Australian Accounting Standards the Group annually tests goodwill for impairment and tests other non-current assets where indicators of impairment or impairment reversals exist, using a discounted cash flow model to estimate recoverable value. At 30 June 2023, the Cash Generating Units (CGUs) with significant goodwill balances include North Star BlueScope Steel (goodwill balance of $1,205m), BlueScope Coated Products (goodwill balance of $356m) and Buildings North America (goodwill balance of $331m). The CGUs with a significant property, plant and equipment (PPE) balance are Australian Steel Products and North Star BlueScope Steel. As disclosed in Note 14, the Group recorded an impairment charge during the financial year relating to PPE of the Building Products Malaysia CGU of $50m. The carrying value of PPE and intangible assets, (including goodwill) was a key audit matter due to the significance of these balances, the complex judgements in the impairment assessment process such as forecast foreign exchange rates, steel, iron ore, coal pricing, domestic sales volumes, climate change and other sustainability related risks that are affected by future market or economic conditions. The Group's disclosures are included in Note 14 of the financial report, which specifically explain the key assumptions used; and sensitivity of changes in the key assumptions which could give rise to an impairment loss of the PPE and intangible assets (including goodwill) balance, or impairment reversal on previously impaired PPE balances, in the future.	Our audit procedures included assessing the appropriateness of the Group's determination of its CGUs where impairment testing was performed, taking into consideration the levels at which management monitors business performance and the interdependency of cash flows. In respect of the Group's cashflow forecasts, for relevant CGUs, where indicators of impairment or impairment reversal were present or in CGUs that contained significant goodwill balances as at 30 June 2023, we: ▸ Assessed key assumptions such as forecast steel, iron ore and coal pricing, foreign exchange rates and domestic sales volumes in comparison to external independent data where relevant ▸ Assessed the Group's results in comparison to historical forecasts to assess forecast accuracy ▸ Compared future cash flows to approved budgets ▸ Assessed the Group's assumptions for long term growth rates in comparison to economic and industry forecasts ▸ Assessed the adequacy of capital expenditure forecasts ▸ Assessed discount rates through comparing the cost of capital for the Group with comparable businesses ▸ Assessed the Group's assumptions related to climate change risks, including consideration of the reformed Safeguard Mechanism in Australia, and capital expenditure and costs required to meet its committed decarbonisation plans ▸ Considered the indicative EBITDA multiples against comparable companies as a valuation cross check ▸ Tested the mathematical accuracy of the discounted cash flow model ▸ Assessed whether the required impairment expense was appropriately recorded in the financial statements. Where considered necessary, we performed a sensitivity analysis in respect of the assumptions noted above which were considered to have the most significant impact on carrying values, to ascertain the extent of changes in those assumptions which either individually or collectively would be required for the PPE and intangible assets (including goodwill) to be impaired, or for a previous impairment to be reversed where applicable. We assessed the likelihood of these changes in assumptions arising. We assessed the adequacy of the Group's disclosures of those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of PPE and intangible assets (including goodwill).

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2. Business Combinations

Why significant	How our audit addressed the key audit matter
On 8 August 2022, the Group acquired a ferrous scrap steel processing business in Ohio, USA for consideration of \$124m. The allocation of the purchase price to the acquired assets and liabilities was finalised during the period with a goodwill balance of \$26m recognised. On 17 December 2021 the Group acquired the ferrous scrap recycling business of Metal X LLC in the USA, for consideration of \$307m. The allocation of the purchase price to the acquired assets and liabilities was finalised during the period with no change to the goodwill balance previously recognised. On 28 June 2022, BlueScope acquired the Coil Coatings business in the USA for consideration of \$696m. The allocation of the purchase price to the acquired assets and liabilities was finalised during the period with a goodwill balance of \$333m recognised. Accounting for these transactions was complex, requiring judgement to be exercised to determine the fair value of acquired assets and liabilities assumed, including identifying and valuing intangible assets other than goodwill. Disclosure in relation to these acquisitions can be found at Note 21 of the financial report.	For each of the acquisitions we performed the following procedures: ▶ Read the purchase agreements to gain an understanding of the key terms and conditions and assessed whether the accounting treatment applied were in accordance with Australian Accounting Standards ▶ Assessed the determination of the total consideration paid. Where applicable, with the involvement of our valuation specialists, we assessed the: ▶ Reasonableness of the valuation assumptions used by the Group's external experts in their determination of the fair value of the acquired assets and liabilities and the amount recognised as goodwill ▶ Competence, qualifications and objectivity of the external experts used by the Group to assist with determining the fair values of assets and liabilities acquired ▶ Recording of the fair values in the financial report. We assessed the adequacy of the related financial report disclosures included at Note 21.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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► Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 46 to 83 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of BlueScope Steel Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Matthew A. Honey
Partner
Melbourne
21 August 2023

Section

05.

Additional Information

Extended Financial History

A$M unless marked; years ended 30 June		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Income Statement Key Items											
Total Revenue[1]		8,007	8,572	9,203	10,758	11,578	12,586	11,324	12,902	19,030	18,242
EBITDA[2]	- Reported	430	640	1,010	1,425	1,840	1,754	844	2,246	4,398	2,146
	- Underlying[3]	538	663	963	1,484	1,645	1,761	1,099	2,212	4,337	2,266
EBIT[2]	- Reported	102	297	622	1,045	1,463	1,341	310	1,759	3,849	1,487
	- Underlying[3]	217	326	582	1,105	1,269	1,348	564	1,724	3,787	1,608
NPAT	- Reported	(82)	136	354	716	1,569	1,016	97	1,193	2,810	1,009
	- Underlying[3]	77	161	307	652	826	966	353	1,166	2,701	1,099
Segment Underlying EBIT											
Australian Steel Products		48	150	361	459	587	535	305	674	1,298	537
North Star BlueScope Steel		105	107	147	407	431	655	190	677	1,900	443
Buildings and Coated Products North America		104	108	163	209	185	134	155	334	419	527
Coated Products Asia		7	32	34	58	75	53	38	88	97	142
New Zealand and Pacific Islands		32	(7)	(40)	61	112	81	(6)	130	229	129
Corporate and Group		(80)	(65)	(81)	(89)	(109)	(114)	(124)	(137)	(160)	(186)
Inter-segment		2	-	(1)	1	(11)	4	6	(42)	4	16
Continuing businesses underlying EBIT		**217**	**326**	**582**	**1,105**	**1,269**	**1,348**	**564**	**1,724**	**3,787**	**1,608**

1. Excludes the company's 50% share of North Star BlueScope Steel revenue until 30 October 2015. Includes revenue other than sales revenue. Includes revenue from discontinued businesses - that is, total revenue has not been restated for sale or closure of any businesses after that date.
2. Includes 50% share of net profit from North Star BlueScope Steel until 30 October 2015, and 100% consolidated profit thereafter.
3. Underlying results are re-stated for all periods for re-classifications of any businesses to discontinued. Businesses re-classified to discontinued - Lysaght Taiwan (2006), Packaging Products (2006), Vistawall (2007), Metl-Span (2012), Building Solutions Australia (2015), Taharoa Export Iron Sands (2017), Buildings Asean (2018).

A$M unless marked; years ended 30 June		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Financial Performance Measures											
Return on invested capital[1]		4.5%	6.4%	9.5%	18.5%	20.0%	19.5%	7.6%	24.8%	41.6%	14.6%
Return on equity[2]		1.9%	3.8%	6.7%	13.5%	15.3%	14.4%	5.1%	17.2%	30.7%	10.8%
Capital, Earnings Per Share & Dividends											
Weighted average number of ordinary shares	(millions)	559	561	570	571	557	535	507	504	492	464
Earnings per share	¢/s	(14.8)	24.3	62.1	125.3	281.8	189.9	19.0	237.0	571.5	217.4
Dividends per share	¢/s	-	6.0	6.0	9.0	14.0	14.0	14.0	50.0	50.0	50.0
Cash Flow Summary											
Net cash inflow (outflow) from operating activities		407	539	952	1,132	1,141	1,682	818	1,658	2,472	2,151
Net cash inflow (outflow) from investing activities		(438)	(411)	(1,290)	(408)	(380)	(388)	(570)	(757)	(1,760)	(979)
Net cash inflow (outflow) from financing activities		(15)	(115)	368	(509)	(582)	(606)	(484)	(296)	(1,051)	(1,361)
Net increase (decrease) in cash held		**(45)**	**13**	**30**	**215**	**179**	**688**	**(236)**	**605**	**(339)**	**(189)**
Financial Position											
Total assets		7,519	7,878	9,149	9,575	10,931	11,696	11,560	13,149	16,610	15,935
Total liabilities		3,062	3,138	4,163	4,037	4,043	4,355	4,521	4,989	6,162	4,904
Net assets		**4,457**	**4,739**	**4,985**	**5,539**	**6,888**	**7,342**	**7,040**	**8,160**	**10,448**	**11,031**
Net Operating Assets (pre-tax)		4,664	4,888	5,750	5,803	6,538	6,417	6,724	7,493	10,679	10,827
Net Debt / (Cash)		262	275	778	232	(64)	(693)	(79)	(798)	(367)	(703)
Gearing (net debt / net debt plus equity)		**5.5%**	**5.5%**	**13.5%**	**4.0%**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

1. Return on invested capital is defined as underlying earnings before interest and tax over average monthly capital employed.
2. Return on equity is defined as underlying net profit after tax attributable to shareholders over average monthly shareholders' equity.

Glossary

1H	Six months ended 31 December in the relevant financial year
1H FY2023	Six months ended 31 December 2022
1H FY2024	Six months ended 31 December 2023
2H	Six months ended 30 June in the relevant financial year
2H FY2022	Six months ending 30 June 2022
2H FY2023	Six months ending 30 June 2023
6BF	No.6 Blast Furnace (at PKSW)
ASP	Australian Steel Products segment
A$, $	Australian dollar
BCP	BlueScope Coated Products
BCPNA	Buildings and Coated Products North America segment
BlueScope or the Group	BlueScope Steel Limited and its subsidiaries (i.e. the consolidated group)
BNA	Buildings North America
BPG	BlueScope Properties Group
BRM	BlueScope Recycling and Materials
the Company	BlueScope Steel Limited (i.e. the parent entity)
CPA	Coated Products Asia segment
CY2022	Calendar year ended 31 December 2022
CY2023	Calendar year ended 31 December 2023
DPS	Dividend per share
DRI	Direct Reduced Iron
EAF	Electric Arc Furnace
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBS	Engineered building solutions, a key product offering of BNA and Building Products
EPS	Earnings per share
ESG	Environmental, social and governance matters
FY2022	12 months ending 30 June 2022
FY2023	12 months ending 30 June 2023
GHG	Greenhouse gas
HRC	Hot rolled coil steel
HSE	Health, safety and environment
IFRS	International Financial Reporting Standards
IRR	Internal rate of return
Leverage, or leverage ratio	Net debt over LTM underlying EBITDA
LTM	Last twelve months
mt	Million metric tonnes
Net debt, or ND	Gross debt less cash
NOA	Net operating assets pre-tax
North Star	North Star BlueScope Steel
NPAT	Net profit after tax
NSC	Nippon Steel Corporation
NZ$	New Zealand dollar
NZPI	New Zealand & Pacific Islands segment
NZ Steel	New Zealand Steel
PCI	Pulverised Coal Injection
PKSW	Port Kembla Steelworks
PPA	Power purchase agreement
ROIC	Return on invested capital (or ROIC), last 12 months' underlying EBIT over trailing 13 month average capital employed
ROU	Right of use
TBSL	Tata BlueScope Steel
TRIFR	Total recordable injury frequency rate (recordable injuries per million hours worked)
US	United States of America
US$	United States dollar

Shareholder Information

As at 28 July 2023

Distribution Schedule

Range	No of Holders	Securities	%
1 to 1,000	58,093	16,295,374	3.58%
1,001 to 5,000	10,554	21,608,347	4.74%
5,001 to 10,000	959	6,719,718	1.48%
10,001 to 100,000	472	10,999,525	2.41%
100,001 and Over	38	399,943,078	87.79%
Total	**70,116**	**455,566,042**	**100.00%**

Based on a closing share price of $21.48 on 28 July 2023, the number of shareholders holding less than a marketable parcel of 24 shares is 4,079 and together they hold 43,106 shares.

Twenty Largest Registered Shareholders

Rank	Name		Securities	%IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		179,227,786	39.34%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		97,484,043	21.40%
3	CITICORP NOMINEES PTY LIMITED		66,829,585	14.67%
4	NATIONAL NOMINEES LIMITED		16,035,212	3.52%
5	BNP PARIBAS NOMS PTY LTD		12,040,537	2.64%
6	BNP PARIBAS NOMINEES PTY LTD		5,867,306	1.29%
7	PACIFIC CUSTODIANS PTY LIMITED		4,617,599	1.01%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		3,523,195	0.77%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA		2,564,939	0.56%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2		2,193,710	0.48%
11	PACIFIC CUSTODIANS PTY LIMITED		2,178,441	0.48%
12	CITICORP NOMINEES PTY LIMITED		1,336,580	0.29%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		1,256,077	0.28%
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		1,034,894	0.23%
15	BUTTONWOOD NOMINEES PTY LTD		858,546	0.19%
16	ALLESSAV NOMINEES PTY LTD		769,056	0.17%
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		725,634	0.16%
18	BNP PARIBAS NOMS PTY LTD		557,774	0.12%
19	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM		556,309	0.12%
20	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED		466,986	0.10%
		TOTAL	**400,124,209**	**87.83%**
		Balance of Register	55,441,833	12.17%
		Grand TOTAL	**455,566,042**	**100.00%**

Substantial Shareholders

As at 28 July 2023, the Company has been notified of the following substantial shareholdings:

Name	Number of securities held*
BlackRock Group	29,571,407
State Street Corporation	23,070,204
The Vanguard Group Inc.	23,111,109

**as at the date of the relevant substantial shareholder notice.*

On-Market Share Buy-Back

In February 2023, the Board approved an extension of the existing on market share buy-back program tenor, to allow up to $380 million to be bought over the following 12 months. Between this announcement and 30 June 2023, $165 million of shares were bought back, which combined with $120 million bought back in the prior six months to deliver $285 million in total share buy-backs completed during FY2023.

Today, the Board has approved an increase in the scale and tenor of the buy-back program to allow up to a further $400 million to be bought over the next 12 months.

Voting Rights for Ordinary Shares

The Constitution provides for votes to be cast:

a. on a show of hands, one vote for each shareholder; and

b. on a poll, one vote for each fully paid share.

Securities purchased on-market

2,050,000 securities were purchased on-market under or for the purposes of an employee incentive scheme, with the average price paid per security being $17.26.

Unquoted equity securities

There are 3,705,711 employee share/alignment rights on issue which are held by 340 holders.

Stock exchanges on which our debt securities are listed

Debt securities (Unsecured Guaranteed Euro Medium Term Notes) were previously listed on the Singapore Stock Exchange (SGX) and were re-paid on 25 January 2023. As at 28 July 2023, there are no listed debt securities.

Shareholder Communications

Shareholders are able to update their preferences for receiving the Annual Report, Notice of Annual General Meeting and other communications from BlueScope electronically or in hard copy by making an election. To update your preference, and for further information, visit Bluescope website at www.bluescope.com/investors/investor-resources/investor-services.

Corporate Directory

Directors	• J A Bevan, *Chairman* • M R Vassella, *Managing Director and Chief Executive Officer* • E G W Crouch AM • R P Dee-Bradbury • J M Lambert • K M Conlon • K Johnson • Z Zhang • P Alexander • J McAloon AM
Secretaries	• P S Grau • D J Counsell
Management Team	• M R Vassella, *Managing Director and Chief Executive Officer* • D J Counsell, *Chief Legal Officer* • M Scicluna, *Acting Chief Financial Officer* • T J Archibald, *Chief Executive Australian Steel Products* • K Keast, *Chief Executive North America* • J Nowlan, *Chief Technical & Development Officer* • G Stephens, *Chief Executive Climate Change & Sustainability* • D Thadani, *Chief Strategy & Transformation Officer* • P Renkin, *Chief People Officer* • C Zhang, *Chief Executive NS BlueScope* • R Davies, *Chief Executive New Zealand & Pacific Islands* • X Huang, *President, BlueScope China*
Notice of Annual General Meeting	The Annual General Meeting of BlueScope Steel Limited will be held at The Grand Ballroom, Novotel Northbeach Hotel, 2-14 Cliff Road, North Wollongong, NSW, on Tuesday 21 November 2023 at 10.00am. Shareholders can attend in person or online at https://meetings.linkgroup.com/BSL23.
Corporate Governance Statement	An overview of BlueScope Steel Limited's corporate governance structures is presented in the FY2023 Corporate Governance Statement which is available online at: www.bluescope.com/our-company/governance/board-governance.
Workplace Gender Equality Reporting	In accordance with the *Workplace Gender Equality Act 2012*, BlueScope lodges an annual compliance report to the Workplace Gender Equality Agency (WGEA) regarding its Australian workforce. BlueScope's public WGEA reports are available at www.bluescope.com/resource-centre/2023-workplace-gender-equality-agency-report.
Registered Office	Level 24, 181 William Street, Melbourne, Victoria 3000 Telephone: +61 3 9666 4000 Fax: +61 3 9666 4111 Email: bluescopesteel@linkmarketservices.com.au Postal Address: PO Box 18207, Collins Street East, Melbourne, Victoria 8003
Share Registrar	Link Market Services Limited Level 12, 680 George Street, Sydney, NSW 2000 Postal address: Locked Bag A14, Sydney South, NSW 1235 Telephone (within Australia): 1300 855 998 Telephone (outside Australia): +61 1300 855 998 Fax: +61 2 9287 0303 Email: bluescopesteel@linkmarketservices.com.au
Auditor	Ernst & Young 8 Exhibition Street, Melbourne, Victoria 3000
Securities Exchange	BlueScope Steel Limited shares are quoted on the Australian Securities Exchange (ASX).
Website Address	www.bluescope.com

Read our reports at
bluescope.com

Level 24, 181 William Street
Melbourne, Victoria 3000 Australia

bluescope.com

BlueScope Steel Limited ABN 16 000 011 058