

BUILDING RESILIENCE



2018/2019

**SUSTAINABILITY
REPORT**

SECTION 1	Our progress on building resilience — 1
SECTION 2	How we approach sustainability — 3
SECTION 3	Sustainable governance — 10
SECTION 4	Building the future for steel — 16
SECTION 5	Safe people, healthy environment, strong communities — 34
SECTION 6	Building diversity, fostering inclusion, deepening engagement — 44
SECTION 7	Sustainable and resilient supply chains — 51
SECTION 8	Supplementary information — 57
SECTION 9	GRI Index — 63

OUR CUSTOMERS ARE OUR PARTNERS

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

OUR PEOPLE ARE OUR STRENGTH

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

OUR SHAREHOLDERS ARE OUR FOUNDATIONS

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

OUR COMMUNITIES ARE OUR HOMES

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

ON THE FRONT COVER

BlueScope employees inspecting the construction of the 500,000-panel solar farm at Finley, New South Wales, Australia. Last July, BlueScope signed a solar energy Power Purchasing Agreement equivalent to 20 per cent of our total Australian electricity purchases. Through this investment we are building resilience against fluctuating energy prices and contributing to decarbonisation of the electricity grid by reducing annual greenhouse gas emissions in the order of 300,000 tonnes of CO₂-e each year – comparable to taking 90,000 cars off the road, or supplying power to 60,000 homes. The jobs created by the project and the increased demand for local goods and services is a boost for the local Finley community.

As BlueScope continues to build resilience, it builds a future – for steel, for our company, for our stakeholders and for our people.



Mark Vassella
Managing Director & CEO

OUR PROGRESS ON BUILDING RESILIENCE

Welcome to BlueScope's FY2019 Sustainability Report. I think you'll find it clearly demonstrates that as a global company, across our systems, processes and products, we continue to build resilience and consolidate our ability to respond to whatever challenges the future may bring.

Our progress has been gradual, but determined. And there is much to be proud of.

We understand that building resilience isn't just what we do, it's who we are. It's in our DNA as a company. It permeates across our business, from the longevity and durability of our products, to our tenure in, and contribution to, our host communities.

Always guided by Our Bond in partnering with our customers, backing our people, valuing our shareholders and respecting the communities in which we operate, we continue to build a stronger business, embedding sustainability in all facets of what we do.

Being resilient is especially important for managing the five sustainability topics considered most material to our business and our stakeholders:

- Safety, health and wellbeing
- Climate change and energy
- Diversity and inclusion
- Supply chain sustainability
- Governance and business conduct

These topics form the foundation for BlueScope's sustainability reporting, following the core option of the Global Reporting Initiative (GRI).

The health, safety and wellbeing of our people, our partners, our communities and environment is one of our key business values. To ensure all our people understand how we intend to improve and move to the next level of assurance, we have recently released a new five-year Health, Safety and Environment (HSE) strategy. It encourages our people to look for better ways of working, to better manage HSE risk and add value while doing so. It recognises that humans are fallible and seeks to manage this by engaging everyone in the fight to avoid harm in any form.

This strategy drives us to build a workforce more comfortable with ambiguity, continually learning, challenging what doesn't make sense and able to reason sound decisions, particularly in the heat of the moment.

We're scrutinising the effectiveness of our significant HSE risk controls and balancing our response to injuries with a greater focus on injury severity and the care taken to return our employees to meaningful work.

Proactively, we seek out the things which might drive adverse behaviours, and take steps to assure better HSE risk management. Our continual improvement is made all the easier thanks to a solid foundation of experienced, diverse teams of people who genuinely care about each other, our environment and our communities. I am delighted that during the year, over 60 per cent of our people engaged in HSE improvement projects.

Yet again, climate change was the dominant global topic in FY2019. Our FY2018 Sustainability Report highlighted how three different climate change scenarios might affect our business and established reduction targets to lay the groundwork for a resilient, sustainable business. It also confirmed the essential role steel will play in a low carbon economy.

Our position on climate change has not changed. We support the international climate agreement developed under the 2015 Paris Agreement. This, however, presents a challenge as demand for steel and steel products is expected to grow significantly to 2050 and beyond. While scrap-based steelmaking will continue to play an increasing role in meeting some of this demand, there will still be a significant need to produce new virgin steel by smelting or reducing iron ore in the short and medium term. Globally, breakthrough low-emission steelmaking technologies are in development, but full commercialisation is some considerable way off.

The continued hard work and innovation of our people in identifying and implementing emissions and energy reduction projects this year was impressive. In FY2018, we committed to the ambitious but achievable, target of a one per cent year-on-year reduction in our overall greenhouse gas (GHG) emissions intensity per tonne of steel to 2030. For FY2019 we achieved a 1.2 per cent reduction. While our progress this year is pleasing, we are ever cognisant of the challenge we face and the level of transformation required to support a low carbon economy.

FY2019 saw major progress in the roll-out of our supply chain sustainability program. We released our Supplier Code of Conduct and trained over 180 business leaders and procurement and supply chain practitioners. Many supplier assessments have been completed or are underway, using our segmentation model as a guide to prioritisation, overlaid with the knowledge and experience of in-country business leads and

The continued hard work and innovation of our people in identifying and implementing a number of emissions and energy reduction projects this year was extremely inspiring.

procurement teams. Feedback from BlueScope personnel and suppliers who participated in our pilot assessments has been positive. We have also commenced a review of our supply chain sustainability program against the reporting requirements for the Australian Modern Slavery Act 2018, and we feel we are well placed.

Inclusion is ever more important at BlueScope. From the language we use to how we conduct ourselves, we're striving to ensure all employees feel comfortable bringing their whole selves to work. Diversity and inclusion continue to be a focus area in which we demonstrate ongoing gains across all levels. One-third of new recruits in operating roles is female, as is greater than 33 per cent of our Board and Executive Leadership Team. Every business in every region has made a determined effort toward this change, actively reshaping our organisation and building the environment we believe essential to our ongoing success.

Of course, BlueScope continues to welcome initiatives that give our stakeholders confidence in the sustainability of our industry, our business and our products. We are playing a leading role in the development of ResponsibleSteel™, a global multi-stakeholder scheme supported by site and product certification standards, which seeks to move the global steel value chain toward a more sustainable future.

Looking ahead, we will continue to ensure that all facets of our business are in the best position to face the opportunities and challenges of the future and demonstrate our belief that a sustainable business is a truly resilient business.

I thank you for your continued support while joining us on our sustainability journey.

MARK VASELLA
Managing Director & CEO

HOW WE APPROACH SUSTAINABILITY

Our approach to sustainability all begins with Our Bond. The values and principles therein guide the way BlueScope develops, manufactures and sells steel products and solutions while building our own resilience and ensuring a sustainable future. This requires a focus on continuous improvement, adopting new operating methods and anticipating new products to support the future needs of a sustainable society.

BlueScope sustainability scorecard – a snapshot of our key sustainability metrics

Metric ¹	Target	FY2019	FY2018	Change
Raw steel produced (000 tonne)	–	5,855	5,971	-2%
External despatch volume (000 tonne)	–	7,451	7,591	-2%
Female employees (%)	–	21%	19%	2%
Women in operator and trade roles (%)	–	11%	8%	3%
Female recruitment (%)	>40%	43%	40%	3%
Lost time injury frequency rate (LTIFR)	<1.0	1.16 ²	0.62	87%
Medically treated injury frequency rate (MTIFR)	<5.0	5.6 ²	5.4	4%
Employee involvement in HSE improvement projects (%) ³	>50%	64%	–	–
Completed assessments for priority suppliers	–	34	0	–
GHG emissions intensity of steelmaking facilities (t/tCO ₂ -e)	↓ 1% YonY	1.64	1.66	-1.2%
Energy intensity of steelmaking facilities (t/GJ)	–	17.1	17.1	0%
Fresh water consumption (ML)	–	18,310	22,940	-20%
Fresh water intensity of steelmaking facilities (t/ML)	–	1.83	2.40	-24%

— Improvement in metric performance — Stable or decline in metric performance

¹ Metrics are defined in detail in Section 8.

² Number of medical treatment injuries which is inclusive of lost time injuries decreased to 207 in FY2019 from 226 in FY2018. Lost time injuries increased from 26 in FY2018 to 43 in FY2019

³ New metric, annual target

Our sustainability approach is aligned to the principles of the United Nations (UN) Global Compact and informed by the UN Sustainable Development Goals (SDGs), in particular SDG 3, 5, 6, 8, 12 and 13. These priority SDGs are informed by our materiality processes, with performance against these goals underpinned by SDG 17, which recognises the importance of partnership and collaboration along the steel value chain. We also recognise the importance of SDG 16 which aims to reduce corruption and bribery in all its forms.



3 – GOOD HEALTH AND WELLBEING

Looking after the health and safety of all people who work for BlueScope, or who are affected by our operations and activities is critical. We recognise the important role we can play through collaboration with customers and suppliers, and building skills in countries and industries where health and safety standards may be below our expectations.

5 – GENDER EQUALITY

An inclusive culture and diverse workforce strengthen business capabilities for sustained success. We believe in enabling equal opportunity so all our people can participate fully and effectively across all levels of our organisation.

6 – CLEAN WATER AND SANITATION

BlueScope's steelmaking, iron and mining and manufacturing operations are significant water users, much of which comes from sea water or recycled sources. Population growth and climate change will create additional pressure on water supplies, elevating stakeholder expectations of what is considered good water stewardship.

8 – DECENT WORK AND ECONOMIC GROWTH

We believe that people must be treated fairly and without discrimination and support the elimination of all forms of forced or compulsory labour and the abolition of child labour. We employ more than 14,000 people and touch the working lives of many thousands more throughout our supply chains across 30 developing and developed countries. This scale means we have a role to play in ensuring our suppliers hold similar values and collaborate with us to uphold them.

12 – RESPONSIBLE CONSUMPTION AND PRODUCTION

Transitioning from a linear (take, make, use, dispose) to a circular economy is a significant challenge. Steel has excellent circular economy credentials and there are opportunities for more resource-efficient steel production, converting waste from iron and steel production to value-add products for other sectors, adopting advanced high strength steels and using steel efficiently in design.

13 – CLIMATE ACTION

We believe steel is fundamental to a sustainable future; structures made of steel can minimise the effects of natural disasters, provide strength and durability to withstand severe weather and are integral to energy infrastructure for both a low carbon economy and to the global circular economy. However, achieving the objectives of the Paris Agreement and the transition to a low carbon economy will require significant commitment to action from steel organisations.

Stakeholder engagement

Our relationships with, and the support of our key stakeholders are crucial: our customers and suppliers, our shareholders, our people and our communities. Governments, regulatory bodies, and joint venture partners also have a meaningful interest in the performance of our business. Section 8 of this report further details these groups, their interests, and how we engage with them.

Materiality process and results

In FY2017 we conducted a comprehensive materiality assessment using GRI principles to identify the sustainability topics that matter most to our stakeholders. The results inform our strategic approach to sustainability and sustainability initiatives.

Each year we conduct a review to confirm our materiality results remain consistent with current and emerging topics raised through internal management processes such as risk registers, formal stakeholder channels, our peers' material sustainability topics, and media reports relating to BlueScope and the global steel industry.

In FY2020 we plan to perform a more comprehensive review of the process to validate our material sustainability topics. Results will appear in next year's report, aligning to our sustainability framework and our corporate strategy.

In collating and presenting the results of our materiality procedures, we categorised the topics identified:

Material Topics identified most material by both internal and external stakeholders, which have an impact on our global businesses. These topics are critical aspects of our sustainability performance. We have reported our performance for these topics against an applicable GRI standard.

Important Topics identified frequently by either internal or external stakeholders, or which have a localised impact on the Group. We have disclosed our management approach and selected performance data for these topics in this report.

References to key GRI disclosures are set out in the GRI content index in Section 9.

BlueScope sustainability topics determined through our materiality processes

Material Important Other



BUILDING LONG-TERM VALUE

BlueScope's success relies on the support of all our stakeholders, not just now, but into the future. We have a track record of strong safety, innovation and environmental performance. We work closely with our customers and suppliers to create products and services that add value and help build sustainable communities.



SOURCING

The way we source and procure raw and recycled materials, component products, logistical and business support services

Collaborating with suppliers to ensure ethical, and socially and environmentally responsible conduct and practices

Managing supply chains to ensure quality, continuity, efficiency, and reduce risk exposure

Maximising use of recycled and scrap steel to minimise the use of virgin raw materials

Contributing to local economies by using local suppliers and labour wherever possible

OPERATIONS

The way we make, sell and distribute steel products and engineered building solutions globally

Relentless pursuit of zero harm for our people, our communities and our environment

Fostering a culture of inclusion, wellbeing, learning, innovation, high performance and high standards of behaviour

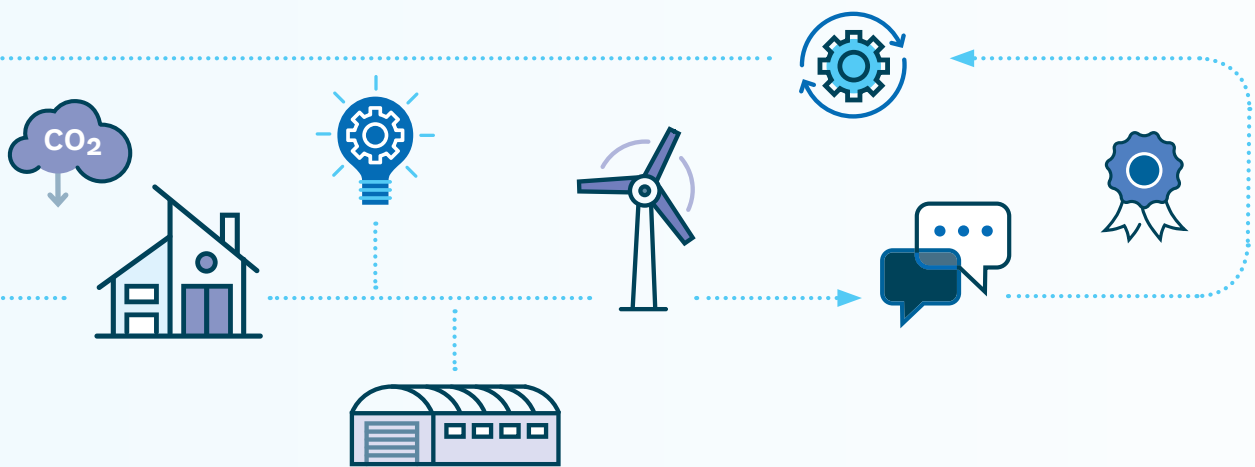
Employing locally and supporting community development

Continuous process improvement and efficient use of resources and energy

Contributing organisational knowledge to the steel industry and society

Providing diverse employment opportunities in the regions in which we operate

We create wealth by investing in these communities and offering a broad range of employment and opportunities for local businesses to work with us. This builds the foundations for a mutually rewarding future in steel. It also builds resilience across our organisation, enabling us to be responsive and adaptable to the opportunities and challenges of sustainability.



PRODUCTS

The way we design and market premium products and engineered building solutions to suit diverse customer needs

Working closely with our customers to ensure we provide products which support transition to low carbon economy

Converting waste from iron and steel production to value-add products for other sectors

Product stewardship initiatives demonstrating improved benefits of our steel products through their full life cycle

Collaborating with customers, architects, academics and industry to build knowledge and share ideas to improve product performance and customer experience

Reliable, ethically sourced and manufactured, long-lasting and continuously recyclable steel products and solutions

GOVERNANCE

The way we manage our organisation's people, finances, assets and resources to build trust and business success, to the benefit of all our stakeholders

Clear strategies for business performance, organisational effectiveness, risk management, financial management and investment, reputation and issues management

Transparent communications with shareholders, the financial community and all stakeholders

Clear accountabilities, authorities, measures, policies and expectations of behaviour

Fit-for-purpose processes and systems embed sustainability into how we do business

Our business and key brands

The transformation of BlueScope in recent years has resulted in a more diversified business with a greater contribution from value-added products, principally focussed on building and construction markets. Today, greater geographic diversity also provides growth opportunities and a broader spread of earnings, and these factors have given rise to more even profitability.

Australian Steel Products

- 6,129 employees produce and market a range of value-added coated and painted flat steel products for Australian building and construction customers, together with a broader offering of commodity flat steel products – hot rolled coil and plate
- Key brands include next generation ZINCALUME® steel, COLORBOND® steel, both with Activate® technology, and TRUCORE® steel
- Operates pipe and tube manufacturing, and network of rollforming and distribution sites throughout Australia, acting as a major steel product supplier to the building and construction, manufacturing, transport, agriculture and mining industries
- Main manufacturing facilities at Port Kembla (NSW) and Western Port (Victoria). Products sold mainly to Australian domestic markets, with some volume exported

New Zealand & Pacific Islands

- 1,491 employees across three businesses: New Zealand Steel, Pacific Steel and BlueScope Pacific Islands (NZPI)
- New Zealand's only steel producer 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 manufacture and distribution of LYSAGHT® range of products in Fiji, Vanuatu and New Caledonia
- Pacific Steel, supplied with billet from New Zealand Steel, is sole producer of long steel products such as rod, bar, reinforcing coil and wire in New Zealand
- Waikato North Head mine supplies ironsand for internal feed to New Zealand Steel and a small quantity for export

North Star BlueScope Steel

- Single-site electric arc furnace producer of hot rolled coil in Delta, Ohio, United States
- Strategically located near its customers and in one of the largest scrap markets in North America
- 421 employees produce over two million tonnes of hot rolled coil annually from scrap steel, pig iron and alloys
- Consistently ranked number one in overall customer satisfaction in North America (Jacobson Survey)

- BlueScope acquired full ownership in October 2015, having already owned 50 per cent of the Company as a founding investor

Building Products Asia and North America

- Technology leader in metal coated and painted steel building products, principally focussed on the Asia Pacific region, with wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of products
- 3,723 employees across an extensive footprint in Indonesia, Thailand, Malaysia, Vietnam, Singapore, Brunei, Myanmar and in the United States, at Steelscape (metal coating and painting) and ASC Profiles (building panels)
- Primarily serving the residential and non-residential building and construction industries across Asia, and the non-residential construction industries in North America
- Products designed to meet needs specific to the region, including Clean COLORBOND® steel designed for tropical climates, PrimaMaju® steel, TRUZINC® galvanised steel, Z-NAL®, BlueScope Zacs®, SPECTRASCAPE® and DURASHINE®, and Viewkote® and SuperDyma® for home appliance market
- Includes BlueScope's engineered building solutions business and metal coating, painting and Lysaght operations in China
- Operates in ASEAN and North America in partnership with Nippon Steel Corporation, and in India with Tata Steel

Buildings North America

- Leader in engineered building solutions in the low-rise non-residential market in North America, with 2,184 employees
- Leading brands include Butler®, Varco Pruden®, EcoBuild™ and PROBUILD™
- Value proposition based on speed of construction, low total cost of ownership and delivery capability
- Includes BlueScope Properties Group which develops industrial properties, predominantly warehouses and distribution centres

Joint ventures

BlueScope has interests in a number of joint ventures (JVs). The most substantial are the NS BlueScope Coated Products JV and the Tata BlueScope Steel JV.

NS BlueScope Coated Products

- BlueScope and major partner Nippon Steel Corporation (NSC) own an equal share of the Building Products Asia and North America business
- BlueScope holds the right to appoint the Chief Executive Officer, with NSC retaining the right to appoint the JV Chairman and Chief Financial Officer
- JV functions according to BlueScope's operating, safety, environmental, financial, accounting and governance policies
- BlueScope controls and therefore consolidates the JV businesses in its group financial accounts

Tata BlueScope Steel

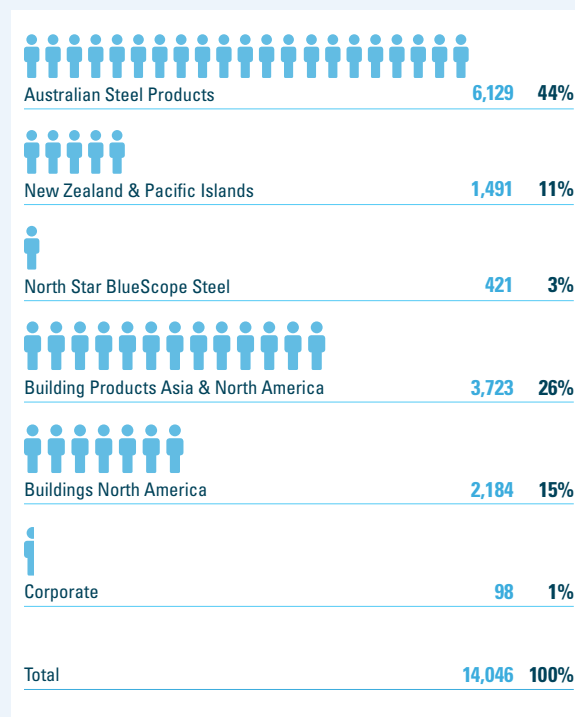
- Equal JV between BlueScope and Tata Steel
- Operations in India include a metal coating and painting line and LYSAGHT® rollforming operations, with a LYSAGHT® rollforming facility in Sri Lanka
- BlueScope actively contributes to operating, safety, environmental, financial, accounting and governance policies and practices through representation on Tata BlueScope Steel board
- These businesses are jointly controlled and therefore equity accounted in BlueScope's group financial accounts



Full details of BlueScope's investments can be found in the notes to the Company's FY2019 Financial Report available on our website.

BlueScope has over 160 manufacturing, processing, distribution sites and sales offices located in over 20 countries. These range from small sites typically used for product storage through to cold metal forming operations and large sites such as BlueScope's two integrated steelmaking plants in Australia and New Zealand and electric arc furnace facility in North America. The three large sites and 14 medium sites which include metal coating and painting activities represent the vast majority of BlueScope's environmental footprint, and are key employers in the communities in which they are located.

Employees per business



Employee numbers reported on a headcount basis

Scale of our organisation (as at 30 June 2019)



SUSTAINABLE GOVERNANCE

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

BlueScope enjoys strong leadership in the following areas, key to sustainable outcomes:

Values and standards

How the organisation conducts itself underpins our culture. In safeguarding the reputation of the Group, the Board sets, instils and monitors adherence to our values, in the interests of shareholders, employees, customers, suppliers and the communities in which we operate.

Strategy and performance

Our purpose and direction, our strategies and financial objectives are all set by the Board. It ensures the necessary resources are in place to meet those objectives, and satisfies itself that performance is regularly assessed and monitored.

Governance and risk management

Compliance with regulatory requirements and industry standards is paramount. The Board approves the Group's risk appetite and satisfies itself that an appropriate risk management framework is in place for both financial and non-financial risks.

People

The Board appoints, terminates and reviews the performance of the Managing Director and Chief Executive Officer (MD & CEO). It oversees executive talent development and succession, and ensures that people and remuneration policies align with the Group's values, purpose and risk appetite.



In 2019 we published an Industry Associations Governance Standard. The standard details the five principles which guide our membership of industry associations, and the processes by which we assess alignment between the public policy position of the industry association and BlueScope's position as stated in its Sustainability Report or other public documents.



Details relating to our memberships of industry associations, and our Industry Association Governance Standard are detailed in Section 8 of this report and are available on our website.

The Board has established the following Committees:

Health, Safety and Environment Committee; assists the Board fulfil its responsibilities in relation to the oversight of health, safety, environmental matters and community impact arising out of BlueScope’s activities, especially in relation to employees, contractors, and the communities we operate in. Given the importance of these responsibilities, the Committee comprises all members of the Board.

Risk and Sustainability Committee; assists the Board fulfil its responsibilities in relation to risk management, ethics and compliance, legal proceedings, corporate governance, sustainability, climate change and insurance.

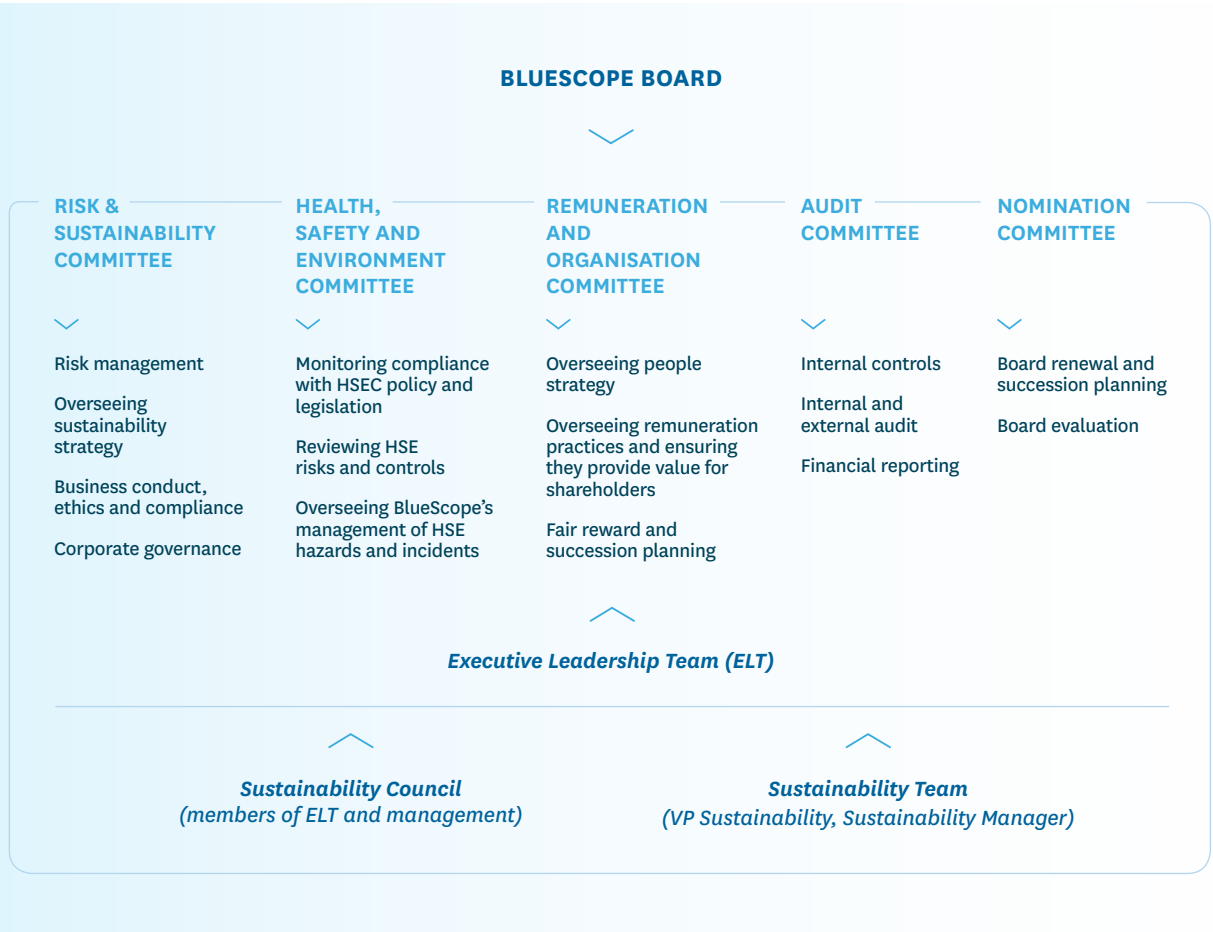
Audit Committee; assists the Board fulfil its responsibilities in relation to financial governance, external financial reporting, external audit and internal audit.

Remuneration and Organisation Committee; assists the Board fulfil its responsibilities in relation to People and Remuneration strategy and policies, setting executive remuneration and incentives for the Executive Leadership Team (ELT), development and succession of executive management, and Non-Executive Director remuneration.

Nomination Committee; assists the Board fulfil its responsibilities for ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of Directors. This includes Board renewal and succession planning, MD & CEO and Chairman succession, election and re-election of Directors, assessing the skills, experience and diversity required to competently discharge the Board’s duties, and implementing processes for evaluation.



Further details regarding our governance structures, including director skills, committee memberships and attendance can be found in our 2019 Corporate Governance Statement and Directors’ Report, available on our website.



Executive Leadership Team

The ELT consists of BlueScope's most senior executives. They are responsible for delivering on our strategic direction, and developing governance systems, operating approach and culture aligned to the Company's risk appetite.

Sustainability plays a key role in the ELT's remit in the form of:

- reviewing Group strategy and strategic plans
- promoting robust structures and procedures for governance and compliance
- reviewing allocation of resources (capital and human)
- reviewing sustainability strategy and governance processes and procedures for the Group as a whole (including reporting and monitoring performance)

The ELT also has significant HSE responsibilities, including reviewing HSE strategy, risks, governance processes and procedures for the Group. ELT members conduct quarterly Safe Act Observations as well as tiered safety audits, developing skills through coaching with subject matter experts.

Sustainability Council

BlueScope's Sustainability Council, comprised of ELT and senior management, is responsible for monitoring sustainability risks, engaging with key stakeholders, and directing consistent implementation of sustainability initiatives across our global businesses. The Council meets monthly and reports quarterly to the Board through the Risk and Sustainability Committee.

Executive Remuneration

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

Our safety performance is a point of pride, and our priority. To that end, safety performance is a core element of executives' short-term incentive (STI) structures.

FY2019 was the first year where all members of the ELT had a component of their STI linked to specific sustainability measures aligned to BlueScope's material sustainability topics. These measures give each ELT member a clear line of sight to the material sustainability topics and ensure they can directly contribute to performance through their actions.

The MD and CEO and those leaders of steelmaking sites have specific climate change objectives linked to BlueScope's one per cent year on year emissions intensity reduction targets.

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



Further information on executive remuneration policies and results can be found in the Remuneration Report within the FY2019 Directors' Report available on our website.

CORPORATE CONFIDENCE INDEX SURVEY

BlueScope regularly monitors investor perceptions of its performance through the Corporate Confidence Index (CCI). BlueScope was rated in the top five against other major Australian listed companies in the FY2019 CCI survey for each of the measures listed below.

- Effective CEO
- Capable senior executives
- Strong focus on enhancing shareholder wealth
- Effective board
- High standard of corporate governance
- Senior executive remuneration aligned with shareholder interests
- Judgement in acquisitions, divestments and investments
- Strong free cash flow
- Effective capital management
- Communicates well with investment community
- High level of integrity
- Good market disclosure
- Informative management briefings
- Good access to senior management
- Good exposure to operations and operational management

CORPORATE GOVERNANCE REVIEW

The expectations of our shareholders and other external stakeholders have continued to rise. Issues exposed in the Australian financial sector, the Banking Royal Commission, and the widely reported loss of trust in large organisations have all played a part in this.

Keeping true to Our Bond, in May 2018 the Board initiated a comprehensive review of the recommendations and commentary in the Australian Prudential Regulation Authority's (APRA) report into the Commonwealth Bank of Australia. An initial self-assessment was followed by externally facilitated workshops with the Board and ELT.

Though a very different organisation to those regulated by APRA, BlueScope's governance and risk practices were confirmed as robust and resilient. Nonetheless, the review identified areas for improvement, and a program of work was developed with the aim to address these areas by 30 June 2020. In FY2019 we made good progress, completing several key actions:

- Board and Committee Charters were reviewed and re-written to ensure clarity of accountability and to maintain Board effectiveness.
- We embedded the Three lines of Accountability risk management model to clarify and strengthen the first lines' ownership of and accountability for risk management.

- We updated how we express risk appetite and risk reporting across a full suite of financial and non-financial risks. This has improved the Boards' risk oversight and driven enhanced accountability throughout the organisation.

For FY2021, BlueScope must report against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition). We have undertaken a review against the 4th edition and believe we largely comply with its changes. However, there is still a need to focus on some areas to achieve full compliance, including:

- Updating our Code of Conduct and engaging with all employees on the values in Our Bond and the expected behaviours that are required to be a representative of BlueScope.
- Refreshing some key Group policies including Bribery & Corruption and embedding our recently revised "Speak Up" policy throughout the Group.



Tax transparency

BlueScope supports the global development of improved tax transparency to assist with building trust in the tax systems in which we operate. Our approach to tax is in line with the values and principles set out in Our Bond and our Guide to Business Conduct.

In recent years, BlueScope has provided information on our tax strategy and tax position in our Sustainability Reports to help meet the expectations of the Australian Voluntary Tax Transparency Code, to which we are a signatory.

For FY2019, however, we have chosen to include those details in a stand-alone Tax Contribution Report. This report provides further commentary in relation to our tax strategy and governance processes and provides information on our contributions globally and effective company tax rates.



[Tax Contribution Report available on our website.](#)

Risk Management

The Board recognises that a sound culture, supported by a strong framework of risk management policies, procedures and controls, is fundamental to good corporate governance.

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

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

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

Risk appetite statements set the fundamental principles that govern our approach to risk. Financial and non-financial risks are considered under five broad categories:

- Compliance and Conduct
- Social and Environment
- Markets and Products
- Business Operations
- Financial


Each business unit's performance against the risk appetite statements is monitored each quarter and the consolidated metrics reported to the Risk and Sustainability Committee of the Board.

 Further information relating to our risk management approach including climate change risk is available in our FY2019 Directors' Report on our website.

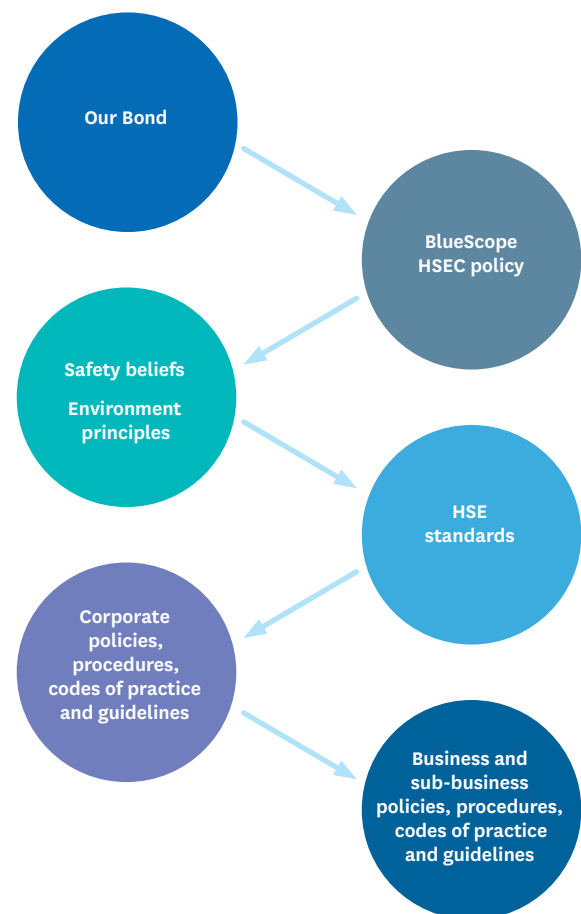
Health, safety and environmental management

Many of BlueScope's operating facilities maintain certification to the updated ISO 14001 2015 standards. We are also reviewing the health, safety and wellbeing components of our integrated health, safety and environmental (HSE) management system to align with ISO 45001 Occupational Health and Safety.

Alignment to and where appropriate certification against these standards, complemented by our internal HSE governance program, provide assurance that the HSE management system continues to be both suitable and effective.

 Revised Health, Safety, Environment and Community (HSEC) Policy, as well as additional key information relating to our integrated HSE management system are available on our website.

HSE at BlueScope is managed in accordance with this hierarchy:



Climate change risk and opportunities

BlueScope acknowledges that climate change affects a wide range of industries around the world. The risks associated with these impacts are included in BlueScope's Group Risk Profile.

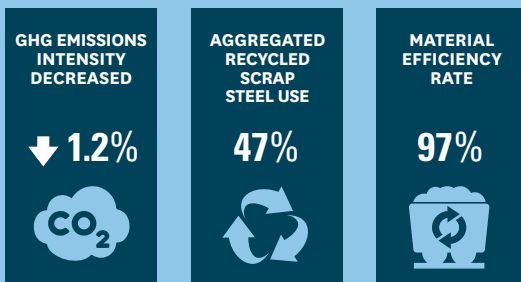
BlueScope outlines how our approach to and progress against the risks and opportunities of climate change align to the four core Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD) recommendations in the adjoining table.

Core element	TCFD recommended disclosure	Index
Governance	Board's oversight of climate-related risks and opportunities	11
	Management's role in assessing and managing climate-related risks and opportunities	12
Strategy	Climate-related risks and opportunities the organisation has identified over the short, medium, and long term	22–25
	Impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	22–25
	Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	19; 52–55 FY2018 Sustainability Report
Risk management	Organisation's processes for identifying and assessing climate-related risks	19, 22–25
	Organisation's processes for managing climate-related risks	18, 22–25
	How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	14, 18, 22–25
Metrics and Targets	Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	3, 26, 39
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	26, 27
	Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	19, 26

Restatement of information

BlueScope endeavours to ensure the data in this report is as accurate and up to date as possible to enable stakeholders to understand our performance and compare it to prior periods. Where appropriate, historical data has been restated to present data on a consistent and comparable basis. Where data has been restated a footnote is included to provide the detail for why the restatement was required.

BUILDING THE FUTURE FOR STEEL



SECTION SNAPSHOT

1.2 per cent decrease in GHG emissions intensity per tonne of steel compared to FY2018

Achieved 47 per cent aggregated pre- and post-consumer recycled scrap steel use across our steelmaking operations in FY2019

Shadow carbon price framework applied to North Star expansion pre-feasibility study

Completed a pilot project to assess Scope 3 GHG emissions from marine transport

Continue to play an active role in the development and review of the ResponsibleSteel™ performance standards

Maintained material efficiency rate of 97 per cent

Steel has a critical role to play in underpinning sustainable development.

It is one of the most used, recycled and therefore vital materials in our modern world. Across infrastructure, housing, transport, manufacturing or energy, steel will continue to play a pivotal role in transitioning to a more sustainable future.

BlueScope has broad exposure across a number of geographies, largely focussed on building and construction, with a significant proportion of the volume from our North Star facility also supplying the automotive industry.

We constantly analyse the global and regional steel industry and the impact changes may have on demand and supply of steel and steel products, cost of raw materials, and prices within the supply chain.

Our assessments include broader megatrends that will have a longer-term effect, such as demographic shifts, increased urbanisation, resource scarcity and exponential technology increases. These were included in the climate scenario analysis we detailed in our FY2018 Sustainability Report.

Experts such as the International Energy Agency and World Steel Association (worldsteel) expect global demand for steel to continue to increase, driven by emerging economies and use as a building material for growing populations.

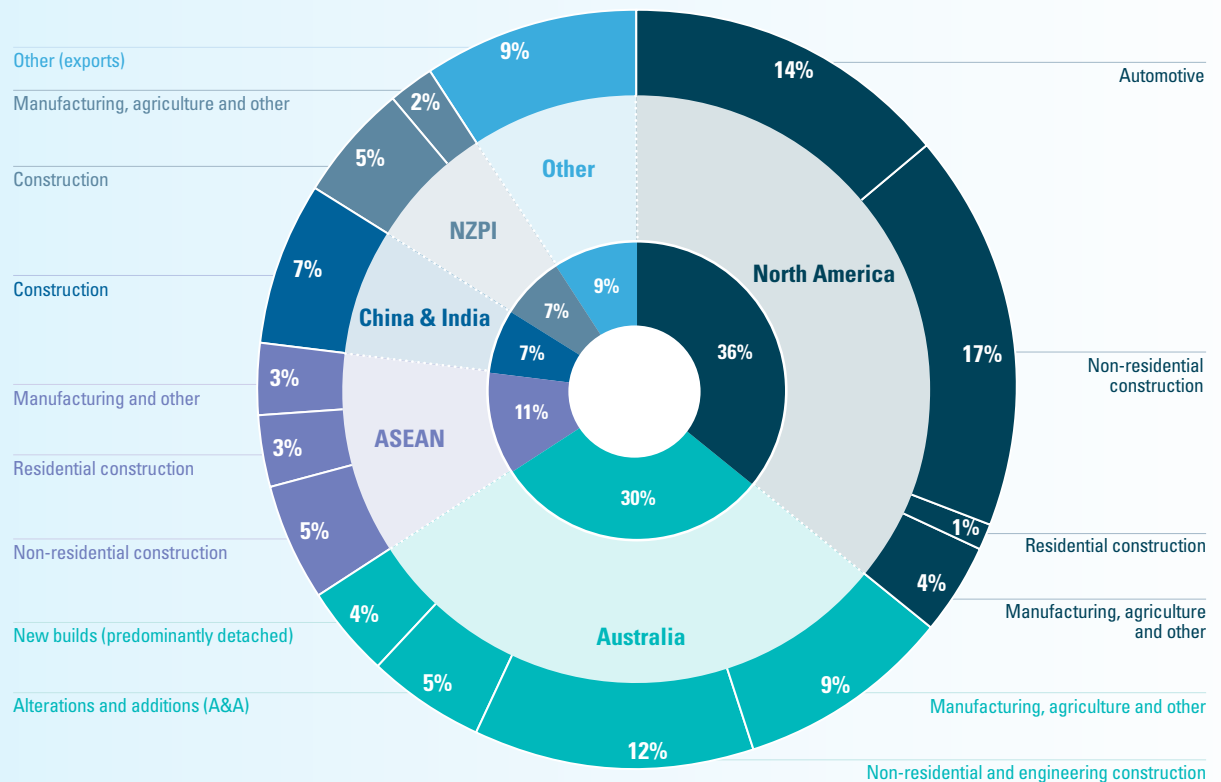
Given this expected growth, it will not be possible to meet demand entirely from recycled steel. As such, new, virgin steel will continue to be manufactured through traditional routes from raw materials and carbon, predominately derived from metallurgical coal, as the chemical reductant to extract iron from iron ore. The manufacture of raw steel using coal will remain the predominant method of steel production from raw materials for the foreseeable future.

BlueScope is determined to ensure our operations are competitive with global better practice producers. We have a strong history of participating in research and

development initiatives in the steel sector, such as LanzaTech trials at our New Zealand Steel facility and partnering with the Australian CSIRO as part of the worldsteel CO₂ breakthrough biochar project.

While the answers to a low carbon economy are not yet clear, we will continue to seek ways that we can meaningfully contribute to research and development where it is relevant to our organisational context and continue to maintain a close watching brief on technological change so that we can respond quickly to take advantage of any developments.

Geographies and industries to which our steel is supplied
 FY2019 despatch volume split by region and end-use segment %



Asia: a diversified portfolio of end-use segments and countries

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

North American construction: mixed across commercial, industrial, government and residential sectors, through sales of hot rolled products, metal coated and painted products and engineered building

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

North Star - Expansion of “best-in-class” mini-mill

In 2019, BlueScope announced the expansion of our North Star operations in the United States.

The expansion was assessed against our shadow carbon price methodology as part of our revised Capital Investment Framework. This framework uses a range of carbon prices to understand potential future implications for carbon pricing on our direct operations (Scope 1 and Scope 2 GHG emissions). Broader climate risk factors were also considered in the North Star expansion assessment such as expected changes to the regional electricity grid mix, and supply of feedstocks and raw materials.

The expansion is consistent with our climate change strategy, and our commitment to lowering the GHG emissions intensity of crude steel from our production sites. While we acknowledge that the increase in production volumes will increase BlueScope’s absolute Scope 1 and 2 GHG emissions, the movement to a greater proportion of electric arc furnace (EAF) steelmaking is consistent with the forecast contribution that EAF steelmaking will make as a percentage of global steel production. This is also consistent with the International Energy Agency’s forecast assumptions that the demand for steel will increase by 30 per cent by 2050⁴, with a 40 per cent growth in the EAF route between 2015 and 2050.

We anticipate the expansion will help BlueScope achieve its GHG emissions intensity target several years before our stated goal of 2030. This will be an important

factor to be considered through our three-yearly review of our climate scenarios and emission reduction commitments next scheduled for late 2020.

Advanced high strength steel in the automotive sector

A consideration in the North Star expansion was its preparedness to take advantage of changing future demands in steel characteristics, such as the role that advanced high strength steels (AHSS) will play in vehicle manufacture due to its strength, light weight and lower carbon footprint compared to alternative materials.

AHSS is used in a small proportion of overall steel in the US and globally, but the market for it continues to grow. Uptake of AHSS into mainstream vehicles will drive incremental substitution of AHSS for current automotive steel grades.

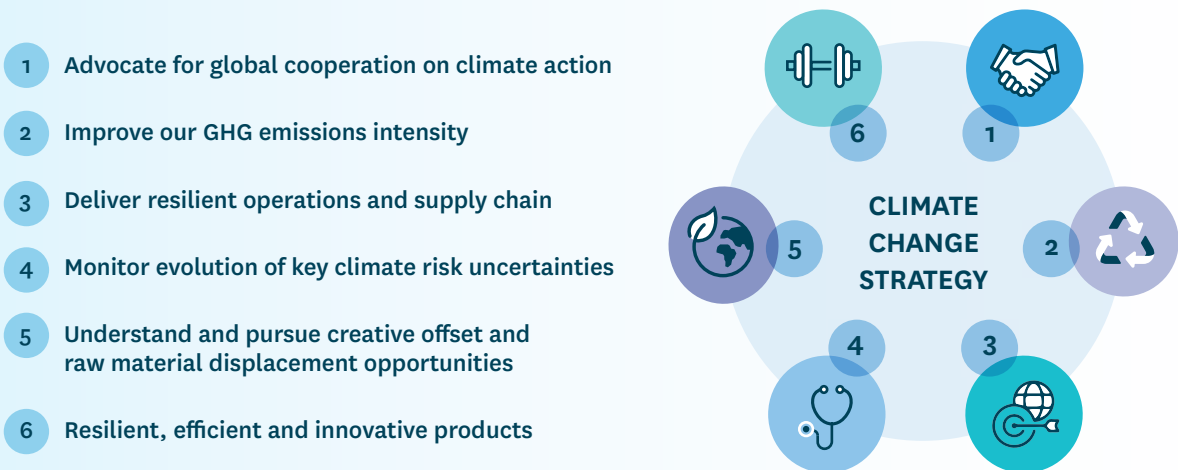
Currently, certain grades of AHSS can be produced by North Star’s downstream customers, however in order to produce a wider grade of AHSS, additional equipment would be required at the North Star facility. To future-proof against growing demand, BlueScope has left room in the expansion layout for the required equipment. For now, we will maintain a close watching brief on AHSS and position ourselves to respond quickly should the business case improve.



4 IEA (2017), Energy Technology Perspectives

Responding to the risk and opportunities of climate change

In our FY2018 Sustainability Report we published the elements of our Climate Change Strategy, which was a key outcome of our detailed climate scenario analysis undertaken that year. This strategy acknowledges that, though steel is fundamental to a sustainable future, our industry and sector must anticipate and respond to climate change risks and opportunities to ensure our business is able to support and take advantage of society's transition to a lower carbon world.



A key pillar of our climate risk strategy is our GHG emission intensity reduction targets for our steelmaking sites. These targets take into consideration current and emerging technologies, and the fact that BlueScope has been actively pursuing energy and emissions reductions for a long time.

In FY2018 we committed to a one per cent year on year reduction in Scope 1 and Scope 2 GHG emissions intensity for each of our steelmaking sites to 2030. Whilst ambitious, these targets only allow BlueScope to align to the Science Based Targets initiative (SBTi) steel sector trajectory until about 2027.

We are fully cognisant that additional work is required to define BlueScope's GHG emissions intensity reduction pathway out to 2050 and beyond to ensure we play our

part in limiting climate change to two degrees above pre-industrial levels as articulated in the Paris Agreement.



Commitment to 1% year on year GHG emissions intensity reduction target

FY2019 result: 1.2% reduction

This is why BlueScope has committed to review our GHG emissions intensity reduction targets, climate risk scenario analysis and the implications for our business on a three-year basis, with the next deep-dive analysis scheduled for late 2020.

BlueScope's history of action

BlueScope has a long history of taking action to improve environmental performance through large scale capital programs, energy efficiency initiatives, and support for R&D programs. In recent years we have aligned our reporting to international frameworks such as the GRI and the TCFD recommendations.

This timeline highlights key activities that illustrate our commitment to action. Importantly we acknowledge that additional work is required to define BlueScope's strategy out to 2050 and beyond to ensure we play our part in limiting climate change in line with the objectives of the Paris Agreement.

Partnered with CSIRO and OneSteel in a worldsteel CO₂ breakthrough R&D project on potential use of biomass as replacement for metallurgical coal in steelmaking

2006

Introduced COLORBOND® Coolmax® steel, a premium cool roofing product to help reduce HVAC energy use in commercial and industrial buildings

2010

New Zealand Steel participated in a trial with CarbonScape to replace coal with charcoal from sustainably sourced wood

2013

2008

Launched COLORBOND® steel with Thermatech® solar reflectance technology to help roofs and buildings stay cooler by reflecting more of the sun's heat

Joined worldsteel climate action programme

Joined Infrastructure Sustainability Council of Australia

New Zealand Steel partnered with LanzaTech to build a pilot plant to demonstrate potential of industrial waste gases as a resource for fuel and chemical production

2011

Closed second blast furnace at Port Kembla, to remove surplus export steelmaking capacity, resulting in 40% reduction in GHG emissions (5.7MtCO₂-e) from BlueScope's Australian GHG emissions profile

Founding member of ResponsibleSteel™, establishing a value chain approach to improve the industry's environmental social and governance performance and reduce its GHG emissions

2015

Acquired remaining 50% of North Star EAF facility in Ohio, US resulting in significant decrease in BlueScope's overall GHG emissions intensity per tonne of raw steel

Registered Environmental Product Declarations (EPD) for hot rolled steel products – the first of any industry under the Australasian EPD programme

Established dedicated Risk and Sustainability Board Committee

Shadow Carbon Price mechanism included within the revised Capital Investment Framework

Signed a 7-year Power Purchase Agreement (PPA) with ESCO Pacific's (133MW) Finley Solar Farm project, equivalent to 20% of BlueScope's Australian electricity purchases

2018

Signed up as supporter of the TCFD recommendations

Published first climate change target based on GHG emissions intensity reduction targets for steelmaking facilities

Published our assessment against three climate risk scenarios including a 2-degree scenario (Global Cooperation)

In FY2018, we held climate risk scenario workshops with key leaders and employees from our businesses around the world to understand the potential impacts and opportunities presented by three different climate change scenarios.

The work highlighted that under all scenarios there will be strong demand for innovative steel solutions – for which BlueScope has demonstrated a strong track record. In addition, our geographically and technologically diversified portfolio of steelmaking assets and downstream manufacturing support the resilience of our business under each scenario.

Further embedding climate change strategies in business unit plans and processes

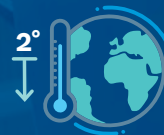
Continuing to improve disclosures aligned to the TCFD recommendations

Continuing GHG emissions and energy reduction initiatives

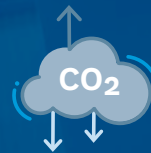
2019 & beyond

Climate change scenario analysis and GHG emissions reduction targets to be reviewed every 3 years (scheduled late FY2020)

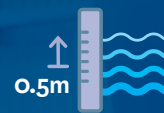
BlueScope climate scenarios



*Global cooperation
Below 2°C scenario*



*Patchy progress
Below 3°C scenario*



*Runaway climate change
Below 4°C scenario*

These three scenarios combine elements from distinct scenarios set out by international agencies including the Intergovernmental Panel on Climate Change (IPCC), International Energy Agency (IEA) and World Energy Outlook.



The assumptions underlying each of the three strategies, and the implications for our business are detailed more fully within our FY2018 Sustainability Report available on our website.

Climate risk and opportunities

Outlined here are potential external trends that could significantly impact BlueScope's ability to execute the business strategy. These do not currently pose a material threat to most of our business activities but have the potential to rapidly disrupt or slowly evolve to significantly impact our strategic objectives in the future.

RISK Access to capital (debt or equity) and insurance becomes more restricted or expensive

Detail

Concern over climate-related risks may result in higher cost of capital for our business and our suppliers of energy and raw materials. Additionally, shareholder action is increasingly focussed on the quality and responsiveness of companies' disclosures relating to their climate change approach and initiatives. If disclosure is inadequate, this could damage our reputation and potentially impact ability to secure investment capital.

Strategic planning, risk mitigation, and opportunities

- Align disclosures of climate risk and opportunities with good practice, the TCFD recommendations and other internationally accepted frameworks.
- Regular, open and active engagement with investor and proxy advisors on climate change and broader environment, social and governance (ESG) issues.
- Access a broad range of capital markets and diversity of funding sources.
- Shadow carbon pricing included in Capital Investment Framework for large scale investments.

RISK Challenges to develop and deploy low emission steelmaking technologies

Detail

Increased focus on GHG emissions intensity of steelmaking may not appropriately represent the importance of primary (Blast furnace – basic oxygen furnace (BF-BOF)) steelmaking to meeting medium to long term steel demand.

Development and commercialisation of breakthrough low emissions iron and steelmaking technology not aligning with key capital decision milestones. Infrastructure, supply chains or energy costs may impact the ability for future breakthrough low emissions steel to be practically and commercially applied in Australia and New Zealand. Additionally, policy environments in key operating areas may not adequately support the transition to low emission steelmaking technology.

As a diversified steelmaker with each plant using different steelmaking technology, the ability to capitalise on investments in breakthrough low emission iron and steelmaking technology is reduced compared to peers.

Strategic planning, risk mitigation, and opportunities

- Climate change risk assessments, controls, and initiatives are integrated into business risk review, planning, budget and capital allocation processes.
- Support for emerging technology developments in iron and steelmaking through participation in research projects (e.g. Steel Research Hub) and industry programs (worldsteel).
- Align public disclosures to industry and independent assessments of the necessary contribution that primary BF-BOF steelmaking will continue to play in meeting future steel demand. This is due to insufficient global scrap steel supply and insufficient commercialisation of low emission breakthrough steelmaking technology in the short to medium term.
- Advocate for public policies that support the steel industry's sustainable transition to a low carbon economy.
- Monitor developments and engage with policy makers on current and emerging climate change policy, including appropriate recognition for emissions intensive, trade exposed operations.

RISK *Reputational impacts if seen to not be committed to or making progress against public commitments*

Detail

Globally, peer companies are seeking to demonstrate a commitment to support the transition to a low-emissions economy. Failure to achieve and transparently communicate progress on our commitments may negatively impact our ability to recruit and retain employees, the support we receive from our customers, regulators, investors and the communities in which we operate.

Strategic planning, risk mitigation, and opportunities

- Provide clear and comprehensive information to stakeholders on our business position, strategy, policies, risks and mitigation actions with regards to climate change.
- Annual reporting of performance against public commitments, including voluntary GHG emissions intensity reduction targets.
- Public commitment to undertake a review of our approach to climate risk scenario analysis and GHG emission reduction targets at least every three years.
- Short term incentives for certain management personnel are linked to the GHG emission reduction targets of our steelmaking operations.

RISK *Substitution of steel from competing materials in particular applications*

Detail

The embodied and lifecycle emissions of different construction materials are an emerging area of interest in the building construction sector. Additionally, movement towards electric cars and a general trend towards lighter and less steel in cars may impact on the demand for steel in the automotive industry. More frequent and extreme weather influencing demand for resilient construction materials.

Strategic planning, risk mitigation, and opportunities

- Communicate steel's contribution to a circular economy through its endless recyclability and full lifecycle emissions benefits.
- Promote the resilience of our products through their strength and durability characteristics.
- Commitment to provide further detail on Scope 3 GHG emissions profile in future disclosures.
- Monitor market trends and support research and development into innovative products to support our customers meet their sustainable development objectives.
- Support the development of sustainability certification schemes such as ResponsibleSteel™.

RISK Government regulation of GHG emissions without sufficient measures to maintain international competitiveness could impact the viability of steelmaking in Australia and New Zealand

Detail

Introduction or modification of existing climate change and energy policies may increase our cost base compared to competitors importing steel from countries with less regulation.

Strategic planning, risk mitigation, and opportunities

- Implications of changing climate and energy policies are considered within risk management framework, climate risk scenario analysis, and supported by shadow carbon pricing approach within our Capital Investment Framework for large scale investments.
- Monitor developments and engage with policy makers on current and emerging climate change policy, including appropriate recognition for emissions intensive, trade exposed operations.
- Energy supply strategy considers cost, reliability and emissions intensity of future energy sources (e.g. renewable Power Purchasing Agreement).
- Continue to advocate for global cooperation for a fair and equitable response.

RISK Susceptibility of operations and supply chains to more frequent storms and extreme weather

Detail

Susceptibility of our operations and our supply chains to more frequent storm and weather have the potential to damage infrastructure, and interrupt business operations such as the supply of raw materials or delivery of finished goods.

Storage and handling of raw materials at steelmaking sites may be impacted by increased rain and extreme weather (e.g. increased slumping, fugitive dust and stormwater runoff).

Strategic planning, risk mitigation, and opportunities

- Risk management processes and climate risk scenario analysis support understanding of resilience of our operations and our supply chains.
- Plant design specifications, asset and site maintenance plans, and sustaining capital and repair and maintenance budgets consider acute or chronic impacts of climate change (flooding, high wind, etc.)
- Engagement with key suppliers and increased maturity in their climate risk disclosures will support better insight into supplier climate change mitigation and adaptation activities.

CASE STUDY

Reducing emissions and energy at New Zealand Steel

Two projects at New Zealand Steel's Glenbrook site have led to substantial emissions reductions and have reduced demand for external electricity and gas.

Working with Alinta Energy, New Zealand Steel's core supplier of steam and co-generated electricity, changes were implemented to improve off-gas and heat recovery in the Multi Hearth Furnace (MHF) afterburners, and to increase steam generation in the MHF boilers. These projects have increased electricity generation by 55,000 MWh per annum, reduced annual purchased electricity by 13 per cent, and lowered GHG emissions by approximately 6,500 tCO₂-e per annum.

Meanwhile, the Rolling Mill team implemented a new approach for continuous operation of the Rolling Mill reheat furnace under much tighter operating conditions. The result is improved yield, and savings in use of natural gas estimated at 62,000GJ per annum, equivalent to 3,700 tCO₂-e.

EVOLVING CLIMATE CHANGE POLICY LANDSCAPE IN NEW ZEALAND

A Zero Carbon Bill (ZCB) is being considered by the New Zealand parliament and expected to be enacted before the end of 2019. The bill aims for net zero long lived greenhouse gas emissions by 2050. An independent Climate Change Commission will set five-yearly emissions budgets. The government will also pursue complementary measures, including increasing the proportion of renewable energy and consulting on measures to reduce industrial process heat emissions.

In July 2019 the government announced proposed amendments to the Emissions Trading Scheme (ETS), including the gradual phasing down of allocated emission units (NZUs) to industry. Amending legislation is to be introduced to the New Zealand Parliament.

New Zealand Steel continues to play an active role in engaging with policy makers to seek policy outcomes that appropriately consider the economic and emissions implications for our New Zealand operations.

The development of low emissions steelmaking

BlueScope plays an active role in steel industry bodies to ensure we understand how the steel market and technology continue to evolve.

While the technical possibility of decarbonisation of steel production from raw materials continues to be pursued, a commercially viable alternative is likely a long way off yet. This is because some technologies are not yet fully developed, and large-scale transformation of not only steel producing assets, but also supporting infrastructure (renewable energy generation capacity, hydrogen generation and supply infrastructure, and carbon capture, storage and utilisation infrastructure) is required.

The Energy Transitions Commission Report⁵ states that the two main step change routes to decarbonisation will likely be dominated by hydrogen-based reduction and carbon capture and sequestration or use (CCS/U). The optimal pathway will differ by location in the light of electricity prices and CCS/U cost and feasibility.

Increasing attention has been focussed on the role hydrogen may play in the iron and steel sector, but certain challenges are apparent:

- Even if proven on a commercial scale, these technologies require significant transformation in the electricity sector. Transition of national electricity grids to significantly less carbon-intensive generation mix will also necessitate a significant increase in electricity capacity to create hydrogen from hydrolysis. Hydrogen demand will be driven by its potential use in iron and steel manufacturing as well as in other decarbonising sectors, including transport and energy storage, and industries such as ammonia, fertilisers and explosives.
- Significant obstacles will need to be overcome in the safe and economic generation, storage and supply of hydrogen, in the regions where steelmaking operations are located.
- Policy frameworks will need to evolve to support and create sufficient incentive for organisations to explore the potential opportunities that hydrogen may bring.

STUDY TO EXPLORE CARBON CAPTURE SEQUESTRATION AND UTILISATION

BlueScope is exploring emerging technologies for emissions reduction at our Port Kembla Steelworks as part of a study into reducing GHG emissions in iron and steel production.

The year-long CO₂CRC study is supported through funding from the NSW Department of Planning and Environment (Coal Innovation NSW Fund). A major component of the study involves a preliminary investigation of options to use a steel plant waste gas stream, converting carbon monoxide—which would otherwise be flared and emitted as carbon dioxide—into a value-added product.

5 Energy Transitions Commission Report – Reaching zero carbon emissions from steel

Metrics and targets

Monitoring resource and energy consumption, and associated GHG emissions, is critical to understanding productivity and business performance. Additionally, benchmarking our performance is crucial. To that end, BlueScope participates in worldsteel's CO₂ climate action programme, submitting annual operational data for our three steelmaking facilities.

We are making progress on our commitment to reduce our overall Scope 1 and Scope 2 GHG emissions intensity of our steelmaking sites by 1 per cent year on year⁶. In FY2019 we achieved a 1.2 per cent aggregated reduction.

This was supported through:

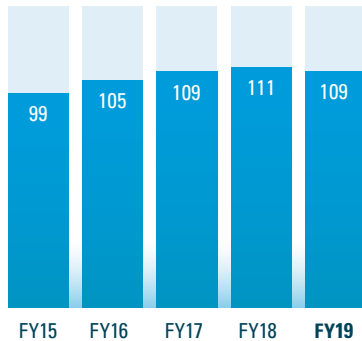
- A full year of operation of the 22TA Turbo Alternator project at Port Kembla, an electrical power generator built using redundant equipment relocated from other parts of the plant (detailed in the FY2018 Sustainability Report)

- Energy capture and electricity and natural gas efficiency projects (see the New Zealand Steel efficiency projects on page 24)
- A reduction in the GHG emissions intensity of our external electricity consumption at both North Star and Port Kembla.

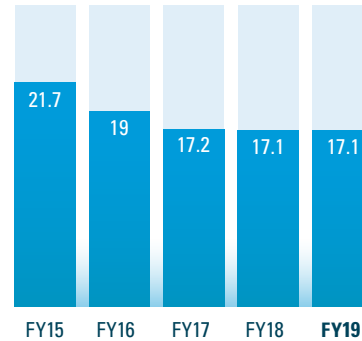
While our progress this year is pleasing, we are ever cognisant of the challenge we face and the level of transformation required to support a low carbon economy.

Our steelmaking sites might make up 92 per cent of our absolute Scope 1 and 2 emissions footprint, but our mid and downstream sites also have a significant role to play in BlueScope's response to climate change. In the past three years these sites have made significant improvements through plant upgrades, LED lighting, and installing additional onsite electricity generation capacity both in renewables and better energy capture.

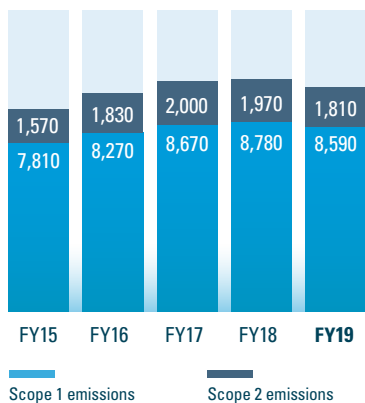
Net energy consumption
Petajoules per annum



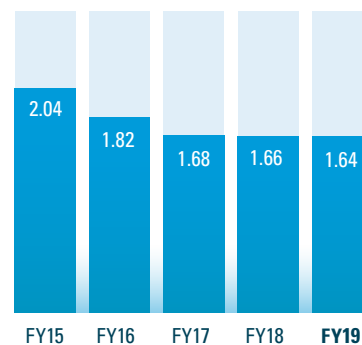
Energy intensity for steelmaking facilities
Gigajoules per tonne raw steel



Greenhouse gas emissions
ktCO₂-e per annum



Greenhouse gas intensity for steelmaking facilities
tCO₂-e per tonne raw steel



Scope 1 emissions Scope 2 emissions

Metric definitions detailed in section 8.

⁶ One per cent year on year target is calculated on a FY2018 base year, representing a 11.4 per cent reduction in GHG emissions intensity of our steelmaking sites by 2030.

Scope 3 emissions

We are working to further understand the Scope 3 emissions associated with our operations to ensure we can accurately determine the full life cycle carbon footprint of all our products and operations.

In FY2019, BlueScope undertook a pilot project with RightShip, an independent marine transport due diligence provider, to assess the Scope 3 emissions associated with the marine transport of our Australian and New Zealand bulk raw materials and finished goods. While further work is required to ensure the robustness of data, the pilot is an important step in gaining a more holistic view of our Scope 3 emissions profile.

Over the next year we intend to publicly report more comprehensive data relating to our Scope 3 emissions profile, including raw and input materials such as iron ore, metallurgical coal, pig iron and transport emissions.

CASE STUDY

Flick the switch to LED

In recent years a number of BlueScope sites have reduced energy use—with a flow on effect to cost savings—by switching to LED lighting. In FY2019, the installation of LED light fittings at several worksites in Australia and North America has reduced BlueScope's annual electricity consumption by over two million kW/h, saved close to \$250,000, and reduced GHG emissions by approximately 1,900 tCO₂-e. These projects have benefits beyond energy savings, ranging from reduced maintenance and improved efficiency to brighter workplaces being safer and more appealing to employees.

CASE STUDY

E-drive employee shuttles in China

BlueScope China's Songjiang site operates four shuttle buses to ferry plant personnel to and from work each day, helping reduce the number of cars on the road in the area. The introduction of new 'e-drive' electric buses has reduced particulate emissions associated with the shuttle bus service, and has also delivered substantial cost savings.

CASE STUDY

Reducing air emissions and energy consumption

In Malaysia, a Regenerative Thermal Oxidizer (RTO) installed at the Kapar manufacturing site is expected to reduce natural gas consumption at the coating and painting line by 40 to 50 per cent. The RTO thermally oxidises volatile organic compounds (VOCs) emitted from the painting line and recovers heat to heat up waste gas from the ovens and burn the VOCs. This saves energy per tonne of material manufactured, and associated air and GHG emissions, as well as helping manage energy costs. The Malaysian Investment Development Authority has granted approval for the project to receive a Green Technology Tax Allowance.



The foundations of a circular economy

Transitioning from a linear (take, make, use, dispose) to a circular economy is a significant challenge. In a circular model, resources are kept in use for as long as possible, extracting the maximum value from them while in use and then recovering them at end of life.

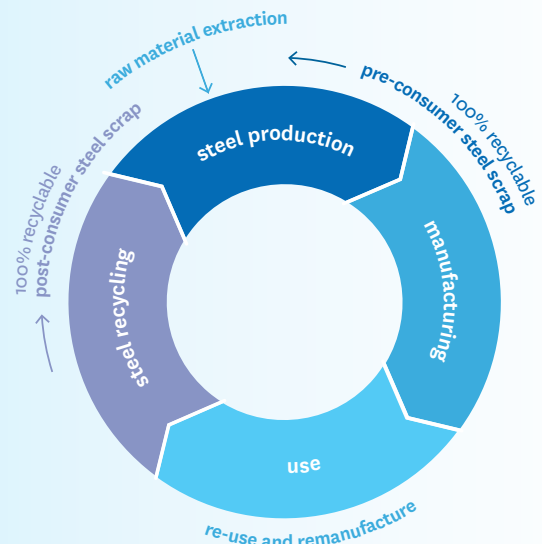
Steel has excellent circular economy credentials. It is strong, durable and versatile and its inherent properties allow it to be reused, remanufactured or recycled into equivalent, or higher quality products, over and over again. Steel's magnetic properties make it easy to separate for recycling, enabling its transformation into new products to support innovative solutions to solve sustainable development challenges.

Focussing on circular opportunities for steel can also reduce the impact it has on the world's carbon budget. Key opportunities for BlueScope include:

- Identifying further opportunities to increase scrap steel feed across our portfolio
- Decreasing the amount of resources (including material and energy) used to create steel
- Developing lighter, stronger products, creating efficiencies in design
- Achieving the same or improved outcomes through the use of AHSS and resource-efficient steel production
- Using raw materials to their full potential, maximising material efficiency and minimising waste to landfill
- Using co-products and waste products, from both our own operations and other sources, as substitutes for virgin raw materials

Material efficiency is a key consideration in the steel manufacturing process. The aim is to use all raw materials to their full capacity and minimise waste.

Steel is central to a circular economy – one where society ensures resources and materials remain in use for as long as possible.



The four principles of a circular economy as they relate to steel⁷ are:

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

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

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

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

⁷ Reference: Steel's contribution to a low carbon future and climate resilient societies – worldsteel position paper, World Steel Association, 2017.

In FY2019 47 per cent of BlueScope's raw steel production originated from pre-and post-consumer recycled scrap steel feed.

BlueScope optimises recovery and re-use of waste wherever possible, preventing it going to landfill and allowing raw materials to be used in sectors beyond the iron and steel industry.

The co-products from steel manufacturing have many uses, from road base, concrete and cement to garden mulch, pigments and fertiliser. Additionally, vanadium slag is recovered from our New Zealand Steel facility for use in the manufacture of high strength steel products.

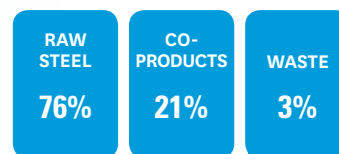
We use the material efficiency measure for steelmaking facilities to assess waste management. This measures the percentage of total outputs that are converted to products and co-products. In FY2019 less than three per cent of the outputs from our steelmaking facilities were classified as waste.

Materials efficiency



% total outputs converted to products and co-products

FY2019 material efficiency breakdown



CASE STUDY

Waste reduction and reuse

Many areas of our business make use of opportunities to collaborate and learn from each other to resolve issues.

In total, waste reduction projects at BlueScope sites have delivered cost savings of more than \$500,000 in FY2019, and include reusing and recycling pallets, preventing food waste at site canteens going to landfill, and reducing hazardous waste.

In one such example, a cross functional team of employees from Steelscape, North America, and Australian Steel Products has devised a system for reusing plastic barriers placed around coils shipped from Australia to Steelscape's Kalama, and Rancho Cucamonga sites. Due to limited local options to recycle, operators now collect the barriers when unpacking the coils, and stack all those ready for reuse to be shipped back to Australia. The success of this initiative means Steelscape no longer sends nearly 20 tonnes of plastic to landfill each year, and Australian Steel Products has saved around \$50,000 per annum on the cost of purchasing the barriers.

Operational excellence

BlueScope has earned a reputation as a global leader in coated steel products and solutions—a reputation we intend to maintain. Accordingly, BlueScope recently reenergised its focus on strengthening the key components of operational excellence.

Known internally as the Manufacturing Excellence network, a group of steering committees operates in each regional business charged with delivering superior performance by continuously improving our existing manufacturing operations, facilities, and process technology.

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

- Safety
- Environment and sustainability
- Customer service
- Supply chain velocity
- Product quality
- Asset utilisation
- Cost control

Standardising and sharing best practice across our global footprint

A key component of Manufacturing Excellence has been the development and deployment of standards and standard measures to gauge unit performance and identify opportunities for improvement.

In FY2019 BlueScope introduced an online assessment tool to enhance consistency of reporting against those core standards and standard measures. In use throughout Australia, New Zealand, Asia and North America, the tool enhances and facilitates both internal benchmarking and identification of best practice.

Every month, Manufacturing Excellence champions in each region meet to discuss and share work completed, close gaps identified by the self-assessment tool, discuss best practices and update current and future focus areas, aligned with delivering BlueScope's objective of maintaining its reputation as a leading global manufacturer of steel products and solutions. BlueScope's global head of manufacturing and Chief Executive of our Australian Steel Products business reports progress to the ELT on a quarterly basis.

Our priority Manufacturing Excellence focus areas for FY2020 include:

Daily leadership: meeting structure and information capture and transfer

Structured problem solving: root cause identification and elimination

Standardised work: Standard Operating Procedures and leaders standard work

Active supervision: Inclusive leadership and effective employee engagement

Visual performance management: See "at a glance" all that is important

Asset utilisation: Overall equipment effectiveness, uptime and product loss used to drive improvement

Visual factory and 5S: Driving the elimination of waste

Leading and managing improvement: Prioritising work for continuous improvement

CASE STUDY

Disciplined methodology brings results

Unexpected halts to production lines are a significant cost to the business. In response to a significant number of interruptions on Metal Coating Line 2 at Port Kembla's Springhill Works, over the past two years the manufacturing team has applied structured problem-solving processes to understand, analyse and generate solutions to the problem. Several initiatives have been implemented as a result of this analysis and have contributed to a 77 per cent reduction in unscheduled production halts. This is a great example of manufacturing excellence techniques being applied to minimise losses and waste, and to deliver material results.

Supporting our focus on growth and maintaining our position as a leading global manufacturer of steel products and solutions

BlueScope continuously reviews its investment and approach to R&D globally, across the full value chain—from steelmaking to coated and painted product development, to building product solutions and building systems. That way we will always be well placed to lead the response to an ever-shifting external environment and the evolving needs of customers and end consumers.

The investment in R&D, particularly coated and painted product, is a core strength of BlueScope and is critical to future growth globally.

CASE STUDY

Investment in digital technologies

BlueScope is mobilising a digital program to unlock the next wave of customer growth and productivity improvements across the business. The opportunities span manufacturing, supply chain, sales and marketing, support functions and the customer experience. Initially, we aim to leverage the use of emerging technologies and digital tools to focus on advanced analytics and automation.

One key initiative is the development of an advanced analytics program across our coating and painting assets. The aim is to drive value through a step change improvement in performance, in addition to the investment in building new capabilities in digital technologies and advanced analytics that can be applied across our business over time.

This digital coating line analytics program services both New Zealand and Australia. Already, a number of use cases have been identified to optimise performance by increasing throughput and reducing waste in the processes. These findings help BlueScope to continue to optimise performance and build sustainable capability in digital technologies across the business.

Innovation and working with our customers

As the world moves toward lower carbon economies there will be opportunities for BlueScope to further differentiate our products from our competitors. A process of innovation will lead to the development of new products and services which support sustainable development and a more circular economy.

This includes rigorous test and evaluation programs to ensure a new product can meet customer needs and has proven environmental and reliability credentials for our premium product brands.

The innovation process brings with it several significant benefits:

- It facilitates better collaboration and knowledge sharing, through use of a proven innovation method and consistent language
- It complements our manufacturing excellence framework by helping to discover new ways of doing things across our operations
- It guides us to empathise with customers (internal or external), truly understand their concerns, and explore a more diverse array of possibilities and previously unimagined solutions

Partnerships will be crucial in the journey to sustainable development, both directly in relation to BlueScope's operations, as well as how our innovations assist downstream users achieve their sustainability goals.

Sustainable product solutions

The following examples showcase how BlueScope is designing products that meet customer needs and demonstrate strong sustainability credentials

Next Generation ZINCALUME® steel with Activate® (AM) Technology

The patented Activate® metallic coating technology as used in BlueScope's premium coated building products such as ZINCALUME® steel and COLORBOND® steel, meets the growing demands of a changing built environment for durability, resilience and sustainability. For example, compared to ZINCALUME® steel AZ150, next generation ZINCALUME® steel AM125 has a smaller environmental footprint in all 18 Life Cycle Assessment (LCA) categories assessed. It demonstrates reductions of between 17 and 20 per cent across the impact categories where steel's contribution is most significant; climate change, human toxicity, fresh water toxicity, metal depletion and fossil depletion.

A building constructed using next generation ZINCALUME® steel should offer improved corrosion resistance compared with previous coating technologies and when, eventually, elements of the building have to be replaced, next generation ZINCALUME® steel can be continuously recycled.

COLORBOND® Coolmax® steel

BlueScope has improved the sustainability credentials of roofing products through two cool roofing product innovations—the addition of Thermatech® solar reflectance technology to COLORBOND® steel and the development of COLORBOND® Coolmax® steel. Both innovations increase solar reflectance compared to preceding products, which can lead to both lower air conditioning capital and operating costs, and increased environmental benefits.

BlueScope has recently undertaken research projects to better communicate the performance and benefits of cool roofing to our customers and consumers. Meeting energy and thermal performance requirements often relies on building energy simulation to inform product selection. Existing simulation methods ignore the impacts of the roof on the surrounding environment, including rooftop air conditioning equipment, leading to an under-prediction of the benefits of cool roofs. These projects, however, have developed and validated models that simulate the full range of benefits arising from cool roofs. A series of case studies has also been developed to highlight the benefits for commercial buildings using COLORBOND® Coolmax® steel.

Using independent data, a web-hosted advisory tool has been developed that provides strategies to mitigate urban heat island effects to help inform policy and regulation for urban development. Cool roofing, such as COLORBOND® Coolmax® steel and COLORBOND® steel with Thermatech® technology, is shown in the tool to be one of the best strategies for mitigating urban heat island phenomena.

COLORSTEEL® DRIDEX® steel

BlueScope's innovation process was used in developing New Zealand Steel's COLORSTEEL® DRIDEX® product. Manufacturers and installers were satisfied with the quality of COLORSTEEL® but wanted a product that contributes to ease and speed of installation. In addition, building inhabitants were most concerned about New Zealand's extremely high rate of asthma and other respiratory conditions, many of which are attributable to high levels of mould in premises.

Conventional systems require separate roofing underlay, which is difficult to install in windy conditions, disguises the position of the purlins (the safe places to step), and restricts ventilation. The final COLORSTEEL® Dridex® solution uses a unique anti-condensation fleece layer to combine several building elements into one. Studies showed a labour saving of between 11 and 23 per cent and an increase in roof space ventilation of the ceiling space by 2.3 times over conventional systems.

The installation process for COLORSTEEL® Dridex® is faster and consequently safer and more cost effective for the installer, and the building is better ventilated. The Asthma and Respiratory Foundation approved COLORSTEEL® Dridex® in New Zealand as a Sensitive Choice® product, recognising its ability to deliver healthier internal environments for building inhabitants.

In addition to these examples, BlueScope continues to review the relevance of its product development pipeline while considering future and emerging external factors and consumer shifts in the regions in which it operates.

Building systems and solutions—investments and improvements

BlueScope's investment in building technology systems and building solutions is a priority, serving the emerging needs of our end consumers.

Fielders SlimFlor™ is a steel flooring system that uses Fielders SlimDek 210® flooring profile in conjunction with Asymmetric Steel Beam Sections (ASB) to provide a floor system with a reduced construction zone, which enables the increased use of steel flooring and steel frame construction in mid-rise developments rather than traditional concrete-framed solutions.

This inter-material substitution combines steel's strength, lightness and durability into a more sustainable construction solution. Advantages include:

- Speed and ease of construction
- Minimal temporary propping allowing for fit out of lower floors while upper floors are being constructed
- Minimal site waste
- Improved logistics
- Light weight structure, reducing sizes of substructure and footings
- Reduced number of trades onsite, reducing OH&S risks
- Inherent fire resistance (without need for additional fire protection).

Steel provides product and structural designers with the opportunity to configure solutions around the four Rs of the circular economy: reduce, reuse, remanufacture and recycle.

Supporting our customers' sustainability objectives

BlueScope's Environmental Product Declarations (EPDs) respond to market demand for credible, product-specific environmental information. An EPD is a transparent and verified disclosure that tells the life cycle story of a product's environmental impacts. The information provided ranges from simple recycling data to in-depth LCA results. BlueScope's EPDs are product specific and enable downstream users to earn points for certification schemes such as Green Star and the Infrastructure Sustainability (IS) rating system in Australasia.

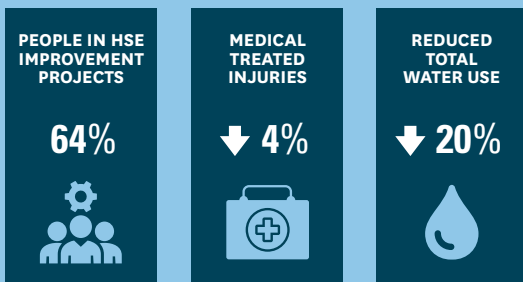
This year, key EPD data has been added to the Infrastructure Sustainability Council of Australia's (ISCA) IS Materials Calculator commonly used for all types of infrastructure. Over the next 12 months we will also add this data to ISCA's ISupply directory, a database of suppliers that can help projects and assets achieve sustainability outcomes rewarded under the IS rating scheme.

BlueScope EPDs are verified to be compliant with International Standard ISO 14025 and the best practice European Standard EN 15804. EPDs for the following products are registered under the Australasian EPD program: COLORBOND® steel, XLERPLATE® steel, Hot Rolled Coil and Welded Beams and Columns, COLORSTEEL® Endura®, COLORSTEEL® Maxx® and SEISMIC®.

BlueScope will continue to develop an even broader range of product-based EPDs in line with product and segment demand.



SAFE PEOPLE, HEALTHY ENVIRONMENT, STRONG COMMUNITIES



SECTION SNAPSHOT

Revised five year HSE strategy released

64 per cent of our people engaged in HSE improvement projects

LTIFR of 1.16 incidents per million hours worked up from 0.62 in FY2018. Total medical treated injuries decreased to 207 from 226 in FY2018.

Reduced total fresh and recycled water use by 20 per cent, and water intensity per tonne of crude steel by 24 per cent

65 environmental improvement project nominations for the BlueScope environmental awards, exceeding our stretch target of 50.

Our integrated approach to HSE

Business success in today's world depends on effective HSE and wellbeing practices being integrated into every facet of operations.

BlueScope has a long and proud history of world-class safety performance and sound environmental management. Excellence in HSE is part of who we are as a sustainable and resilient business.

For over two decades, our HSE management approach has built employee trust through strong, visible leadership and workforce coaching. We recognise that spending time in the field interacting with our employees is critical, as is improving the capability of our leaders.

This approach, supported by integrated HSE management systems and defined risk control practices, fostered historic improvements in health and safety. However, despite strong safety performance compared to our peers, our safety performance has plateaued over the past 12 years. We are now looking to move to the next level of safety improvement.

Our approach to HSE management is evolving

This year BlueScope released its five year HSE strategy, to drive us to the next level of improvement and assurance.

The strategy recognises that in order to be truly successful in managing our HSE risk, we must foster a resilient, inclusive workplace culture that trusts, values and invites a diversity of people and perspectives.

It is critical that we continually identify opportunities to better align, collaborate and integrate across BlueScope functions—and look for more efficient and effective ways to work. This includes actively consulting with suppliers, contractors, customers, and our communities to seek ideas and learning perspectives. This approach will help focus resources on priority activities and improving areas such as incident risk and opportunity management.

HSE GOALS

- Think holistically about risk as an opportunity to learn and enhance our HSE and business performance
- Collaborate, listen and assist internal and external partners to enhance value and reduce risk across our supply chain and our community
- Continuously enhance our systems to create meaningful and practical guidance so that people lead, and systems support us
- Facilitate learning and engage our people to develop our risk knowledge and decision capability

HSE Vision *BlueScope's people are inspired to sustain and grow our business through trust, and innovative HSE partnerships.*

The following principles will guide us:



Care not tell (Suspend your agenda)

We take the time to understand each other, to build genuine relationships, openness and trust.



Not everything that counts can be counted

Relationships and trust can't be measured. Meaningful statistics and metrics support our decisions not drive them.



People lead and systems support

Our systems need to create meaningful and practical guidance that people lead with systems to support us.



Hold people to account, but get their account

Our ideas matter, participation and diversity of thought makes a difference to our success.



Language matters (Making sense)

We want to learn how spoken, written and visual language enhances our thinking.



Take time to reflect (What have we learnt?)

We explore and learn what influences our decisions. We seek and share practical sustainable solutions.

Our measure of success *Learning and trust are key BlueScope attributes to help build resilience*

Indicators and injury rates

We are balancing our response to injuries with a greater focus on injury severity and the care taken to return our employees to meaningful work. Many incidents in FY2019 were musculoskeletal in nature, which take time, care and proper treatment to ensure a full and sustained return to work. As a result, we saw an increase in both our lost time and medical treatment injury frequency rates (LTIFR/MTIFR) compared to the previous year. Whilst our total medical treatment injuries reduced to 207 from 226 in FY2018, the MTIFR increased due to relatively lower number of hours worked.

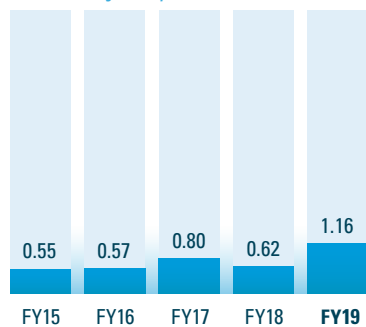
Our focus is always on ensuring that anybody whose health and safety is affected by our work receives appropriate care and support. Our new HSE strategy has in its sights the number of MTIs and LTIs that didn't

result in—but could have been—a serious life-changing or fatal incident. In the past year we had six such cases representing three per cent of total injuries, the majority related to high-risk activities (e.g. working at heights, vehicle interaction and construction work). We are acutely aware of the need to maintain a relentless commitment to eliminating potential serious life-changing or fatal incidents from our business.

We recognise that organisations still commonly use traditional lag indicators to assess safety performance. BlueScope will continue to report these; however we are evolving the indicators we monitor and report to inspire more confident risk management and to track the positive effect we have on our people, our partners and our communities.

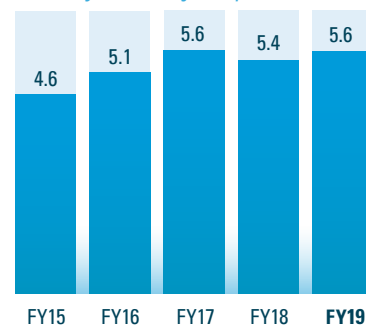
Lost time injury frequency rate

Lost time injuries per million hours worked



Medical treatment injury frequency rate

Medically treated injuries per million hours worked



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

HSE capacity building in Thailand's construction industry

Regrettably, in November 2018 a contractor was fatally injured from a fall from heights while working on an independently managed construction site for a contracting company engaged by BlueScope Lysaght Thailand.

This is a tragic reminder that our businesses and those who we interact with in our supply chain, work in high risk environments. We continue to be committed to working with our supply chain and construction partners to share learnings and build health and safety capability even where these partners are not working under our direct control or HSE management systems.

In 2014 we opened a dedicated BlueScope Safety Training Centre at our Map Ta Phut site. The centre aims to raise general safety awareness in the community, but more specifically to educate and improve the skills and safety standards of those working in construction or

installing roofs. The programs offered combine the theory behind BlueScope's safety standards with practical danger simulations and risk control instructions. More than 9,000 workers have now been trained. BlueScope is also funding a work at height simulator for the Thailand Social Welfare Department, Ministry of Labour, and we hope this will further support the work of the Safety Training Centre.

We are strongly committed to championing local Thailand industry development and have signed a memorandum of understanding with the Department of Skill and Development and are actively involved in industry working committees to support initiatives that include drafting a Thailand Working Safely at Heights Code of Practice, and a National Skill Standard for Roof Fixing with the Thailand Metal Roof Association.

Our desired future state

Our five year HSE strategy aims to accelerate our shift to a more people-focussed approach, with greater risk control effectiveness assurance. It will influence the key HSE management elements in the following way:

Metrics and indicators

- Metrics focussed on positive activities that drive employee engagement, the generation and sharing of ideas, and provide assurance that controls are effective and risks are being adequately managed
- Metrics continue to be reviewed and refreshed to drive specific positive outcomes. Injury rates are monitored and reported, but are not the only measure of success

Risk management

- Risk approach considers opportunities, threats and emerging issues. Risks are evaluated and prioritised based on criticality/materiality, with control effectiveness understood and continually challenged
- Our people are empowered to make sensible decisions and participate in identifying new ways to eliminate or reduce exposures. These improvements are readily shared across the business
- A workforce more comfortable in ambiguity has the ability to think, to challenge what doesn't make sense, and to reason sound decisions, particularly in the heat of the moment

Health and wellbeing

- Holistic, risk-based health and wellbeing strategy that encourages mental and physical good health of our people is effectively deployed across our businesses
- Wellbeing is integrated into work design and how work is executed, resulting in increased connectedness, performance, capability, trust and respect
- Our people and our businesses are actively working with our community, industry and internal partners to increase the visibility, relevance and importance of wellbeing

Training and capacity building

- Training is practical, focussed on flexibility and encourages participation, conversation and interaction
- Cross functional collaboration in training design and delivery, with HSE aspects embedded into how we work and lead

Collaboration with our supply chain partners

- Working together with our partners to establish the most effective ways to manage risk and create value across the supply chain (suppliers/contractors through to customers)

Engagement, leadership and effective conversations

- The capacity of all our people to have effective conversations is strengthened, with a focus on continually developing our learning and risk and decision capabilities
- Safe work observations and interactions are integrated into every employee's role and way of working. These interactions are undertaken, free of an agenda, allowing conversations to develop and new ideas to flourish
- Information is only recorded for sharing and learning purposes

Governance

- A governance framework that is supported by risk-prioritised governance and audit activities, with an increased focus on the identification and sharing of positive elements

Incident investigation

- Our solid investigation methods evolve to an intuitive analysis process that escalates based on event complexity. A focus on what is working well and identifies ideas to support our people to better manage risk and make decisions

CASE STUDY

Building mentally healthy workplaces

Healthy workplaces promote good mental health and wellbeing – they are positive and productive and help attract and retain employees because they're great places to work.

The term 'mental health' is often used as a general term to describe an illness such as depression or anxiety, but more accurately it denotes a psychological and emotional condition which may be positive or may reflect a mental health illness.

BlueScope's new five-year HSE strategy, accompanied by a revised HSEC policy, introduces a holistic approach to building a healthy workplace and to understanding health and wellbeing that takes into account the need to be aware of colleagues' mental health.

Business units are developing individual programs in support of the new strategy. At New Zealand Steel and Pacific Steel employees have the opportunity to participate in onsite training led by St Johns New Zealand to equip them to deal with mental distress. Over 160 people attended the first session which, through in-depth discussions and scenario-based activities, delivers skills to recognise mental distress, and confidence to provide initial support and to guide a person towards professional help. Participants receive a Mental Health First Aid workshop certificate, and a badge which identifies them as someone in whom people can confide. The badge displays the '1737' number which anyone in New Zealand can call to seek assistance from a trained counsellor.

The training has been held monthly and New Zealand Steel is establishing a support group so that those who have completed the training can debrief and discuss issues that may arise from assisting others. St John New Zealand praised the Company for opening up the training to employees at all levels of the Company, as typically such training is only given to limited groups.

In Australian Steel Products BlueScope's first 'Mentally Healthy Workplaces Framework' describes the elements, environment and activities that help sustain a mentally healthy workplace. Sessions offered under the framework have been enthusiastically received:

- 1010 people have attended general awareness sessions in every state;
- more than 110 managers and supervisors have participated in introductory mental health awareness sessions
- 95 people have completed formal Mental Health First Aid Certification.

An online toolkit offers information on mental health, including links to external support services. As well, BlueScope's Employee Assistance Program has a 24 hour "Manager Hotline" service to assist in giving support on mental health issues and connecting with expert psychologists.

Water stewardship

BlueScope recognises that water is a scarce resource. As future supplies will be affected by population growth and climate change objectives to reduce water use are included in our climate risk and opportunity business plans, and we continue to optimise monitoring, reduce water use and improve water discharge quality.

Most water is consumed at our three steel manufacturing plants, and at our ironsand mining operations in New Zealand. Where possible we use internally and externally recycled water to minimise our impact on fresh water sources, including local reservoirs. At all our major sites water is cleaned, cooled and recirculated as many times as possible during the manufacturing process, and rainwater captured on site is used where practical.

The Port Kembla Steelworks uses both recycled water and sea water and Western Port Works also uses recycled water to reduce the amount of fresh water consumed. Over 97 per cent of water used at Port Kembla normally comes from recycled or sea water.

In FY2019, we consumed 24,150 ML of water – fresh and recycled – across our operations, compared to 26,230 ML in FY2018. On the back of our improvement works and return to a full year of recycled water supply at Port Kembla, total fresh water use at our three steelmaking facilities decreased by 20 per cent.

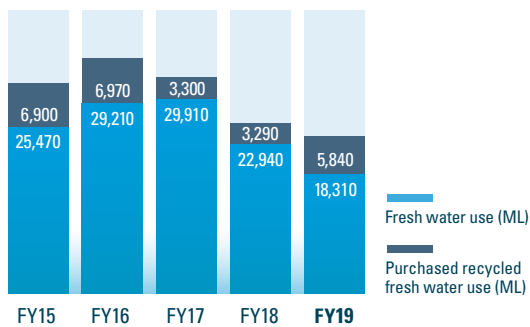
CASE STUDY

Taking a stewardship approach to water resources

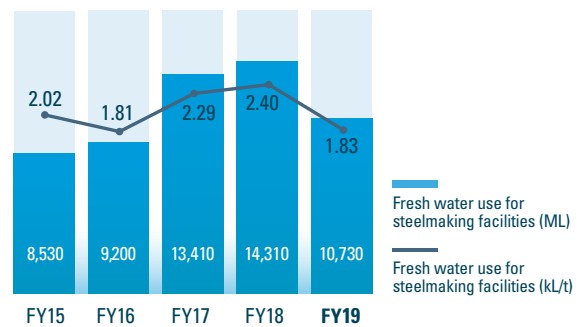
During the year, Western Port in Victoria, Australia, became the first BlueScope site to introduce a Water Stewardship Plan based on the principles of the Alliance for Water Stewardship International Standard.

The Plan demonstrates the Western Port business's commitment to sustainable water management and acknowledges that the impact of water use extends beyond individual site boundaries and therefore must be considered in the context of the broader local water catchment area and water users. The plan will be reviewed regularly, and performance communicated to stakeholders by the Western Port Community Liaison Committee.

Total fresh water and recycled water consumption



Steel manufacturing fresh water consumption and intensity



MANAGING TAILINGS AT WAIKATO NORTH HEAD

New Zealand Steel's fully integrated steelworks uses locally-sourced iron sand and thermal coal to manufacture steel slab and billet. Each year, four to seven million tonnes of iron-rich sand is mined at the Waikato North Head mine site.

A magnetic concentrate—titanomagnetite—is separated from the sand through a series of processes, leaving a by-product, or tailings, which is returned to the areas at Waikato North Head where it was mined. Unlike a traditional hard rock mine, there is no crushing involved in processing. No chemicals are added except for small amounts of flocculant and coagulant to improve the sedimentation and therefore transportability of the naturally fine particles back to the mined area.

New Zealand Steel has a comprehensive framework for managing safety and environmental risks associated with the tailings. This includes:

- employing geologists and mining, civil and structural engineers on site
- management processes designed and verified by third party consultants

- undertaking periodic geotechnical assessments, reviews and audits by independent experts and government mine inspectors, as well as regular internal inspections and audits

The Mine Technical department oversees construction of tailings areas where mining is complete. The returned tailings, largely consist of silicate mineral rich sand, and are contoured to recreate the original land forms. Once the water has drained, the area effectively becomes a stable, dry sand dune, which is progressively revegetated.

In March 2019, in light of recent high-profile tailings dam failures, New Zealand Steel commissioned an independent specialist to conduct a geotechnical risk assessment of the tailings operations at Waikato North Head. The review found the management framework to be adequate. The nature of the geology, disposal approach, and sediment characteristics mean that many key risks found in a typical mine tailings disposal operation such as poor drainage, over-steepened slope angles are significantly reduced.

 More information about Waikato North Head is available on the New Zealand Steel website, with further information on how we manage tailings risks in our upstream supply chain detailed in Section 7.

Air

BlueScope maintains a strong focus on reducing the impact of our operations on local air quality. The production of steel is a complex process, and stable operations are required to ensure disturbances in air quality and air emissions are minimised.

Continuous online monitoring of process variables such as temperature, pressure and flow, automated control systems and appropriate maintenance strategies are used to sustain stable operations and maintain compliance with the relevant environmental licence limits. But we don't stop at just meeting limits, right across our business our people are also focussing on driving process and emission control equipment improvements (see Reducing air emissions and energy consumption case study on page 27).

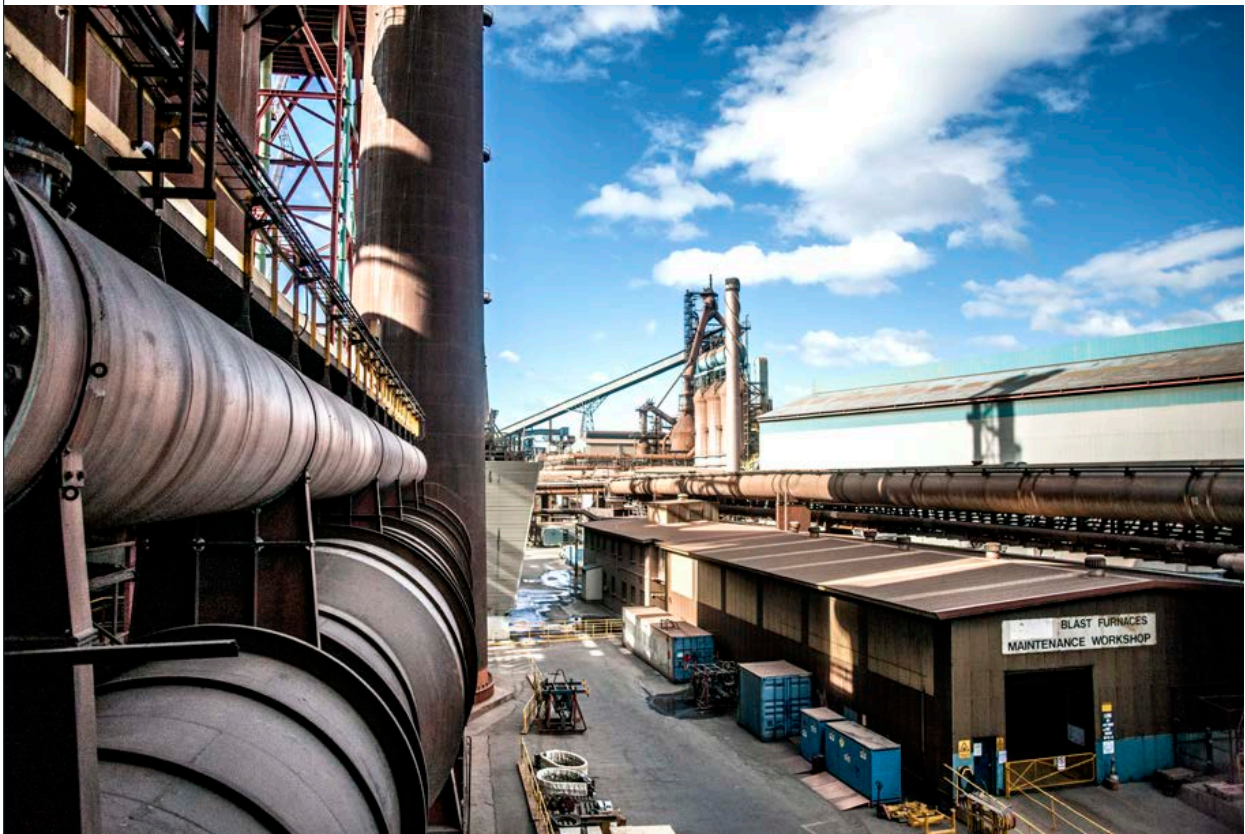
Emissions of oxides of nitrogen (NO_x), sulphur dioxide (SO₂), and fine particulates less than 10 microns (PM₁₀) are recognised as key steelmaking air emission metrics. These emissions directly impact air quality and have the potential to affect surrounding communities.

BlueScope has strict sampling and monitoring processes in place across all required sites which capture and report on air quality metrics and check compliance. This monitoring network includes continuous ambient particulate monitoring in place at our steelmaking sites in Australia and New Zealand. In addition to checking compliance, this monitoring enables us to react to any disturbances quickly and identify opportunities for process improvements to further minimise emissions.

Air emissions

tonnes	FY2015	FY2016	FY2017	FY2018	FY2019
Oxides of nitrogen	8,550	8,610	8,460	8,710	8,660
Sulphur dioxide	6,910	8,110	7,240	7,460	7,840
Fine particulates	1,570	1,740	1,810	1,730	1,640

Air emissions have been calculated using available stack sampling data and are based on regulator approved methodologies in the regions in which BlueScope operates. Current and prior data has been rounded to three significant figures.



Building communities



*Science, Technology, Engineering, Arts, Maths

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

Our community focus is aligned to our key business and sustainability commitments. Wherever we operate, we:

- actively promote grass roots participation through collaboration, open dialogue, and support in many forms, designed to improve and empower the lives of the people working and living in our communities
- seek to ensure we mitigate any negative effects our operations may have on our communities or the environment
- conduct business responsibly and ethically, and work to prevent instances of bribery and corruption which take resources away from communities and governments

- cultivate diversity and inclusion, so that our workforces reflect the wide range of people and cultures in our communities.

As foreshadowed in our FY2018 Sustainability Report, this year we reviewed the Company's community engagement plans and investment activities. The aim was to deliver a more coordinated approach across our global operations that not only defines what we want to be known for in our communities but delivers greater benefit to BlueScope and our community partners.

The new framework theme is 'building our communities.' It will support our strategic objectives for community investment and underpin our decisions on which community activities we will support or invest in. We are also guided by Our Bond, BlueScope's overall sustainability strategy and our most material sustainability topics.

There are six elements to our 'building our communities' community investment framework illustrated above.

Our aim is to establish sustainable partnerships with organisations that create opportunities for our people to be involved in the community. These partnerships may comprise one or all of: employee participation, financial donations and sponsorships, product donations, and in-kind support.

The stakeholder engagement table in Section 8 of this report outlines the methods by which we engage with various members of our communities.

We understand the responsibility of being a major community employer and partner. Across the globe, we employ local people, use a mix of national and local suppliers, and support broader economies through taxes and other government payments.

Importantly, we also aim to support sustainable economic and social development in our communities. For example, we open our health and safety training centres to community participants, and raise awareness of broader health and wellness issues such as traffic safety and mental health.

BlueScope also supports broader economies through taxes and other government payments. BlueScope's tax contribution globally is significant, with total tax payments globally of over A\$770M, comprising approximately A\$304M in taxes borne and A\$474M in taxes collected and remitted.

CASE STUDY

100 marae* in the making

For the past decade, Marae DIY, a television program that brings Whānau** together in renovating marae across New Zealand, has been supported by New Zealand Steel through supplies of COLORSTEEL®, and most recently COLORSTEEL® Dridex® for the marae roof. Marae DIY has now completed its 100th marae, but the team has not lost sight of the intent of the show – bringing people together – and it gives a great insight into marae and the culture and values behind them.



*marae – a communal or sacred place that serves religious and social purposes in Māori society, and is still an important part of everyday life

**Whānau – Te Reo Māori (Māori language) word for extended family group

CASE STUDY

Giving back to our communities

One of the key ways in which BlueScope gives back to its communities in North America is through the United Way. The BlueScope Foundation makes annual grants to local chapters, allowing the United Way to provide a higher level of support to public service agencies than could be achieved through a direct donation. Often BlueScope grants are accompanied by individual employee donations, volunteering and support for local drives. In the past year, employees gave over US\$223,000 in personal support to the United Way, exemplifying our spirit of giving back to our communities. Over the past five years, through personal donations and the Foundation support, BlueScope and its employees have given over \$1.4 million to annual United Way campaigns.



CASE STUDY

A house for those in need

Through its BlueScope Zacs® brand, NS BlueScope Vietnam has donated houses to 50 vulnerable families in 10 rural communities. The donations are part of our Vietnam business' *Manh ghep yeu thuong* (Pieces of Love) three year corporate social responsibility program. Each 32 square metre house is built with BlueScope Zacs® premium alloy-coated steel that is easy to assemble and resistant to strong winds. NS BlueScope Vietnam works in partnership with the BlueScope Zacs® authorised dealer retail network which oversees the construction of the houses.

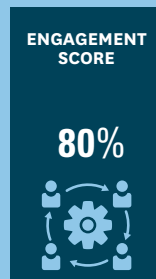
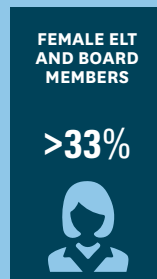
CASE STUDY

Recycled steel for reef rebuild

All employees in NS BlueScope Malaysia, Singapore and Brunei have had the opportunity to plant coral on local reefs. Since 2017, Lysaght Malaysia has been helping save coral reefs in Sabah, which are constantly under threat of being destroyed from pollution and severe weather. Employees join local authorities in planting the coral, a difficult exercise that must be carefully managed to give the new coral the best chance of survival. Taking on the lessons learned from the first round of planting, BlueScope now donates recycled truss material for the frames that support the coral, and which have contributed to helping the coral plants survive. Through participating in this activity, employees learn about the threats to local reefs and why it is important to restore them.

BUILDING DIVERSITY, FOSTERING INCLUSION, DEEPENING ENGAGEMENT

BlueScope recognises that an inclusive culture and diverse workforce strengthens our capability for sustainable business success. Our success comes from our people—but only if we offer the conditions, capabilities, and culture required to support sustainable work practices. Not only is a diverse, talented and capable workforce a competitive advantage, it reflects our community-minded values. Our diversity goal is that our workplaces reflect the communities in which we operate.



Percentage of women on Board of Directors and Executive Leadership Team maintained above 33 per cent

Ongoing high level of gender pay equity; evidenced through regular formal reviews of remuneration practices⁸

New approach to employee engagement and inclusion:

A new group-wide employee engagement survey, allows benchmarked assessment of key factors underpinning engagement and inclusion

77 per cent response rate and overall engagement score of 80 per cent; considered a good overall result and on par with industry peers

Launched new 'Speak Up' policy – encouraging a culture of speaking up and protecting those who do



SECTION SNAPSHOT

Significant progress at all levels:

Recruitment of women to permanent operator and trade roles is at 40 per cent, up from 33 per cent for FY2018

Recruitment of women into executive roles at 47 per cent, proportion of women promoted to internal leadership positions doubled to 20 per cent

⁸ Gender pay equity is checked through formal annual review processes and ongoing monitoring at key decision points (e.g. appointment, promotion) to minimise unconscious bias and ensure objective inputs into remuneration decisions (e.g. role benchmarking, market practice, geographical location, etc.)

Cultures of inclusion are predictive of the innovation, agility and performance of a business. In BlueScope's case, our safe and inclusive culture plays out our value of respecting our people. Our Inclusion goal is to invite and reward contributions from people with different perspectives.

We want all members of our communities to have an equal opportunity to join us. In recent years, we've seen significant shifts in our gender recruitment metrics at all levels, and corresponding positive effects on culture and employee engagement. We remain steadfast in attracting diverse people into all job levels and locations.

 *Our approach to diversity and inclusion is outlined in our Diversity & Inclusion Policy which can be found on our website. This policy was updated during FY2019.*

Attracting and retaining a diverse and inclusive workforce

To attract capable people, our recruitment programs target the whole community, wherever our businesses are located. Induction programs include inclusion and inclusive leadership. To retain our people, we are building a culture that genuinely honours, nurtures and creates opportunities for increased capability and performance.

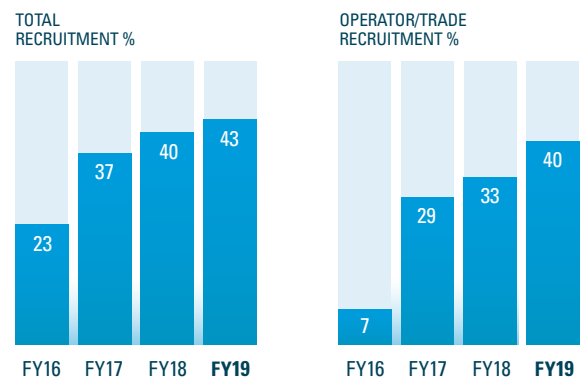
BlueScope has introduced initiatives that open up new avenues for local talent sourcing to target early career and younger generation women. Examples include Science Technology Engineering and Mathematics (STEM) Camp for Girls in Australia, STEM Women in Engineering groups in partnership with universities in New Zealand, welder training simulators in North America, and apprentice programs across the business.

We have also boosted our internal talent acquisition specialist teams and talent acquisition program to drive better quality and governance of our hiring practices. Initiatives include applicant tracking systems in Australia and North America, new hiring models in China, and an increased social media presence.

Extended onboarding initiatives are now in place to support the entry and integration of new hires, including a three-month leadership transition program for new executives, and transition coaching for internal leadership promotions.

Our new, innovative approaches to creating networks better facilitate awareness of and provide support to diversity groups. We now offer a Parents Network in Australia, a Transition to Retirement program, a networking framework in North America, and diversity networks in other regions.

Female recruitment



Female representation at BlueScope %



Awareness and education initiatives

Education is key to building a sustainable, diverse and inclusive workplace. BlueScope offers a variety of learning programs to raise employees' capability in building an inclusive culture. Examples include a new online diversity and inclusion course in North America, a pilot inclusive leadership program in Australia, and continued Unconscious Bias training for all levels of leadership.

Employee referral programs, including an employee referral bonus program in North America for hard-to-fill positions, and a new internal referral program in China, are helping BlueScope employees contribute to building a diverse workforce.

Through FY2019 we continued to refine our workplace flexibility practices, supporting our people to achieve meaningful work-life balance. Following a successful pilot of the new B-Flex program in Australia, it will now be rolled out across the business. B-Flex is based on the belief that all roles have some degree of flexibility, allowing managers and teams to be ready to explore how workplace flexibility works for individuals, teams, our customers and our business.

CASE STUDY

Unscrambling diversity

The Buildings North America Scrabble challenge encouraged engagement in BlueScope's new Diversity and Inclusion policy which highlights everyone's responsibility in contributing to a diverse workforce and an inclusive culture. Scrabble boards – with the words 'diversity' and 'inclusion' already in place - were distributed in break rooms and other common areas for employees to take up the challenge of placing words on the board that demonstrate what diversity and inclusion mean to them. With friendly competition between sites to score the highest points, some of the top scoring words were heterogeneity, equality and humanity.



CASE STUDY

Building the case for STEM

STEM subjects – Science, Technology, Engineering and Mathematics – are critical for many roles right across BlueScope’s business and through the value chain. Not surprisingly, many community programs make the most of every opportunity to show school and university students the sorts of careers these subjects might lead to.

At Port Kembla Steelworks the BlueScope Careers in STEM program helps students understand how STEM related subjects may be applied in a career. During a visit to the Steelworks, local high school students witness how elements of the school curriculum are used in practical, real world situations. BlueScope employees speak to them about their work, and how they apply various aspects of STEM subjects every day. BlueScope employees also volunteered at the 2019 University of Wollongong STEM Camp for Girls, helping demonstrate the opportunities of a STEM degree.

New Zealand Steel has hosted groups of school students as part of Engineering NZ’s annual ‘Week of Engineering’ which opens up engineering projects and companies to students. At the Glenbrook Steelworks the students learnt about how New Zealand Steel turns sand into steel, chatted with engineering graduates, and toured the steel plant and Hot Strip Mill.

In North America, the BlueScope Foundation is a strong supporter of STEM activities. For example, FIRST® (For Inspiration and Recognition of Science and Technology) combines science with sports to engage students in STEM. BlueScope supports local FIRST® teams financially, and by offering tours of its facilities, such as a recent tour of the Grandview facility, where students were fascinated by the materials test lab. The Foundation is also a regular supporter of the ‘Expanding Your Horizons’ conference in Visalia, CA, which inspires girls to pursue career opportunities in STEM, and the annual Science Fair in Kansas City which highlights students’ innovative projects and experiments.



CASE STUDY

Blue is the new black

In recent years, BlueScope has made great strides in attracting women to join its workforce. Women now make up 43 per cent of new recruits right across BlueScope, and 40 per cent of new recruits to operator and trade roles, up from seven per cent three years ago. In Australian Steel Products, the innovative ‘Blue Boots’ campaign was developed after a review of traditional external recruitment and selection processes highlighted the need to transform the recruitment approach to a new focus on behaviours and values, rather than technical experience.

The ‘Blue is the new Black’ campaign included advertisements across social media with language that moved away from a traditional heavy manufacturing bias to deliberately broaden the pool of recruits considering advertised roles at BlueScope.

Complementing the campaign, a new three-phase recruitment approach featured video interviews, an information evening and an interactive assessment. This ensured all prospective candidates were highly informed about the requirements of the role throughout each stage of the process. Another important part of the campaign ensured that BlueScope’s sites were ready to welcome women, from basic elements such as preparing site amenities, uniforms and Personal Protective Equipment (‘PPE’) to facilitating discussions about unconscious bias.



What do you value most about working here?



Employee Engagement

In recent years, our approach to employee opinion surveys has been custom-designed via staggered delivery to our business units, with focus on a net promoter score. This approach posed challenges to:

- Attaining a reliable and global view of employee engagement
- Measuring our performance against peers or aspirational targets
- Achieving insight to the key drivers of employee engagement
- Coordinating and leveraging return on investment from engagement-building initiatives globally

To address these challenges, this year we adopted a new approach to our employee opinion survey:

- Moved from single business unit surveys at separate points in time to a Group-wide survey at a single point in time. This allows accurate comparison across business areas and holistic insights and trends
- Moved to a new survey provider who is a leading authority on employee opinion data with a range of normative benchmarks, as well as a new platform, allowing us to use a globally validated model of sustainable engagement
- Introduced normative benchmarking which has allowed us to compare our performance to industry, country, and high-performing peer organisations. This provides insight to competitive differentiation, both current (Industry norm, Safety Conscious Company norm) and aspirational (Global High-performing Companies norm)
- Introduced a measure of sustainable engagement which:
 - measures the intensity of employees' connection to our organisation, marked by committed effort to achieve goals (being engaged) in environments that support productivity (being enabled) and maintain personal wellbeing (feeling energised)
 - allows identification of the specific topics and drivers underpinning engagement levels across our business

Survey Categories

- Sustainable engagement
- Safety culture
- Leadership
- The person I report to
- Innovation
- Health & wellbeing
- Diversity & inclusion
- Sustainability
- Customer focus

Languages

English, Chinese (simplified), French, Indonesian, Malaysian, Spanish, Thai, Vietnamese

Results

The BlueScope overall response rate to our engagement survey was 77 per cent (10,722 responses from 13,888 invited). Our response rate is considered good and we can be confident that the opinions we have received reflect a majority population view.

Our global sustainable engagement score of 80 per cent is considered on par with our industry peers (Heavy Manufacturing norm, Safety Conscious Companies norm). Compared with other companies in the industry, more people are considered highly engaged—high in scores for engaged, enabled and energised.

However, results varied widely across the business, indicating employee experience is predominantly affected by local conditions. This creates cultural risk through perceptions of inequality and lack of inclusion in wider company experience, as well as through variable employment brand across markets.

We have strong foundations but recognise there is opportunity to review and improve the experience our people have working at BlueScope, with focus on creating a more consistent experience of what it means to work here.

CASE STUDY

You are safe with me

'Rainbow Laces' is one of a number of initiatives developed by our New Zealand Diversity and Inclusion team. It aims to empower employees, enabling them to create a safe environment where colleagues can confidently bring their whole selves to work. By choosing to wear rainbow laces, employees visibly show their support for the rainbow community, which encompasses lesbian, gay, bisexual, transgender, queer and intersex people (LGBTQI+).

The impact of Rainbow Laces extends beyond site boundaries. By wearing the laces outside the workplace employees send a powerful message, triggering conversations about diversity and inclusion with families, friends and communities. Hundreds of pairs of laces were worn across our New Zealand and Pacific Island businesses, with money raised in FY2019 directed to RainbowYouth, a charitable organisation which supports LGBTQI+ youth in New Zealand / Aotearoa through counselling and mentoring programs.



Culture

We hope that all BlueScope people can contribute to sustainable work practices through their actions and decisions. This requires a culture underpinned by trust, created through inclusive leadership and opportunities for people to participate in meaningful work.

We continue to build a stronger workplace where people feel safe, where we focus on their wellbeing, and where people are encouraged to contribute and engage. We choose to do what is right, in line with Our Bond, and we keep this ethical standard at the heart of everything we do.

The highest expectations of personal and professional behaviour are what we all strive for. These expectations are communicated through policies, practices and systems underpinned by our Guide to Business Conduct.

We are all responsible for speaking out about business conduct concerns. BlueScope is committed to protecting people who make genuine disclosures from any reprisal or detrimental action. We simply do not tolerate reprisal of any form against those who raise concerns.

Ethical and responsible work practices across the business continue to be supported by BlueScope's dedicated Ethics and Compliance function, which includes specialist resources embedded in our

businesses. In FY2018, we focussed on increasing our employees' understanding of the ways they can report misconduct concerns. And in July 2019, we issued a new "Speak Up" policy, along with training, support and guidance which is being rolled out globally to build understanding and trust in this process. Importantly, the Policy applies to current and former employees, contractors and suppliers; and their relatives or dependents

"Speak Up" ensures BlueScope complies with the new Australian whistle-blower laws. We also provide training to all our businesses on anti-competitive conduct, consumer protection and unfair business conduct.

The volume of reports through our Business Conduct Reporting Hotline (whistle-blower line) indicates that our people are aware of and contributing to removing questionable behaviours from our business. However, the level of anonymous reporting indicates that our people are yet to fully trust our commitment to protecting those who raise genuine concerns. We will continue to build this culture and earn that trust. We remain vigilant through our management practices, internal audits and whistle-blower process.

As previously communicated to BlueScope stakeholders, the Australian Competition and Consumer Commission (ACCC) has been investigating potential cartel conduct by BlueScope. In late August, the ACCC announced it had commenced civil proceedings against the Company and a former employee alleging contraventions of the Australian competition law cartel provisions.

The proceedings relate to conduct that allegedly involve the employee, during the period September 2013 to June 2014, attempting to induce various steel distributors in Australia and overseas manufacturers to enter agreements containing a price fixing provision.

The ACCC has not alleged that an agreement was reached or that an agreement was implemented.

The ACCC disclosed that it has been working closely with the Commonwealth Director of Public Prosecutions (CDPP) in relation to this matter, and the CDPP's consideration of the matter is continuing.

Since becoming aware of the ACCC's investigation, we have constructively engaged with the ACCC and conducted our own internal investigation. While we have not seen all of the evidence that has been relied on by the ACCC, based on what we know today, we do not believe that BlueScope, or any current or former employees, have engaged in cartel conduct.



Our Bond, Our Guide to Business Conduct, and "Speak Up" Policy can be found on our website.

CASE STUDY

Safe to Speak Up

Earlier in the year, ASP launched its own 'Safe to Speak Up' campaign to increase awareness of how to report business conduct issues and help employees feel comfortable in doing so. Focus groups conducted across many sites and among all levels of employees also shaped the campaign by helping to understand the perceived barriers that may prevent employees from speaking up and identifying relevant images and messages that resonate with employees.

The principal messages emphasising that it is important, appropriate - and safe - to 'speak up', and how to do so were conveyed through eye-catching posters, handy pocket cards, face to face team briefing sessions and updated intranet content. Responses to ASP's 2019 Pulse employee survey showed that the vast majority of employees believe the Company conducts its business with honesty and integrity and understand how to report business conduct concerns without fear of reprisal.

SPEAK UP!!!

Organisation capability

As we face rapid disruption and technological evolution, the future of work will look very different from today. We need to equip our people with skills, knowledge and diversity of thought to be resilient in this future. To do this, BlueScope is creating an engaged and inclusive learning organisation with clearly defined career and development opportunities.

All our people play a role in creating an inclusive and engaged workplace. As such, leadership development and career planning activities focus on equipping people with inclusive leadership skills, cultural awareness and adaptability. Everyone at BlueScope deserves meaningful, satisfying career paths and opportunities.

Capability is a key enabler to our strategy. We are committed to identifying and building the future capabilities we require for sustainable success.

In FY2019 the appointment of a Chief Strategy & Transformation Officer demonstrated our focus on transformation capability. This year we are reviewing our approach to organisation capability, to ensure we continually improve how we learn and adapt in line with future requirements.

We are embracing technology and innovation through learning programs that incorporate blended learning environments, digital learning opportunities, and social and immersive experience-based learning that bring together diverse people from across our business. In FY2020 we will continue to review and align these programs to the capability requirements for sustainable work.

SUSTAINABLE AND RESILIENT SUPPLY CHAINS



SECTION SNAPSHOT

Established improved sourcing standards and due diligence

Supplier Code of Conduct published in early 2019 and available in nine languages⁹ to reach local supply base

Revised supplier segmentation model

34 supplier assessments completed in accordance with the new Supplier Assessment Framework

Face-to-face training for over 180 senior leaders and procurement and supply chain practitioners completed across all business units

Our supply chains

BlueScope has a truly global footprint. We source goods and services from thousands of organisations across 30 countries. The principal categories of our procurement include raw materials, production materials, maintenance and operating supplies, freight and logistics, services, component products and utilities.

BlueScope supports local businesses. Of the more than 800 'largest' suppliers in our segmentation model, more than 85 per cent are local to the country of our operation.

Our suppliers are our partners. As such, they are crucial in managing the social, environmental and ethical risks inherent in our global supply chains. We actively seek suppliers who share the core values expressed in Our Bond and the behaviours and principles in our Supplier Code of Conduct. Strong partnerships only enhance our position as a sustainable and resilient business.



Our approach to responsible sourcing and supplier expectations is outlined in our Responsible Sourcing Standard and Supplier Code of Conduct which can be found on our website.

AUSTRALIAN MODERN SLAVERY ACT

We have commenced a review of our supply chain sustainability program against the reporting requirements for the Australian Modern Slavery Act 2018. We will use this review to ensure that our program has the required rigour, scope and impact. We will also consult with stakeholders to understand their reporting needs.

⁹ Mandarin, Vietnamese, Bahasa Malay, Bahasa Indonesia, Thai, Burmese, Spanish, French, English.

Supplier monitoring and compliance

Effective due diligence frameworks are key to supply chain sustainability. And engagement is essential in understanding a supplier's awareness and approach to managing ESG risk. These risk focussed engagements are prioritised based on a supplier's risk context and our leverage with that supplier.

We also seek declarations of compliance with certain national and international regulations annually—and as required by our customers—from relevant suppliers. A due-diligence database helps our businesses monitor the conduct of potential and existing suppliers.

Major new supplier arrangements are overseen by a steering committee comprising the Chief Financial Officer and Chief Legal Officer together with representatives from relevant businesses. The steering committee processes have been strengthened by the application of the Responsible Sourcing Standard, Supplier Code of Conduct and supplier assessment processes.

Training is essential to and required of our procurement teams, especially with regard to our Guide to Business Conduct and jurisdiction-specific competition and consumer law. Through FY2019 this has been upgraded with training on our Responsible Sourcing principles.

Allegations of misconduct or breaches of our performance standards can be reported through our independent "Speak Up" hotline, for investigation by our Ethics and Compliance Function. Further details of this process are available under the *Culture* heading in Section 6.

Establishing improved sourcing standards and due diligence capabilities

Our procurement strategy is in place to ensure reliable and secure supply to our production operations. It has evolved year on year, and will continue to do so:

- **FY2017** introduced our Responsible Sourcing Standard, set out our principles in relation to supply chain sustainability and our commitment to embed managing supply chain risk into procurement processes.
- **FY2018** partnered with ELEVATE, a global independent sustainable supply chain consultancy to conduct a review of our capability and management approach in achieving alignment with our Responsible Sourcing Standard. We continue to partner with this consultancy to further develop our program, provide thought leadership, an external perspective and third party audit services.
- **FY2019** strengthened our due diligence processes with the introduction of a Supplier Code of Conduct, significant investment in program rollout, training, and the implementation of a Supplier Assessment Framework.

CASE STUDY

Tailings dams risks in our iron ore supply chain

Our raw materials sourcing processes rely on robust due diligence to ensure management of operational and ESG risks and quality control. It also seeks to ensure that suppliers are aligned to our responsible sourcing principles.

FY2019 saw the conclusion of a long-term iron ore supply agreement for our Port Kembla Steelworks. This provided the opportunity for BlueScope to further optimise its sourcing model through a competitive process. All potential suppliers taking part were assessed in detail through the Supplier Assessment Framework (refer page 54).

In addition, in light of recent global disasters associated with wet process iron ore tailings dams, we sought additional assurances as to how these suppliers assess

tailings dam risks, and the results of their assessment of current tailings dam infrastructure. This assessment was supported by greater public disclosure of tailings dam risks by each supplier, as well as more detailed assessments of independent consultant reports on control effectiveness and likelihood of dam failures.

We acknowledge that tailings dams risks are not isolated to iron ore mining—they are inherent to other raw material sourcing including aluminium (bauxite), zinc and ferro-alloys. Nevertheless, we continue to do all we can to develop our understanding of, and assessment processes for, supply chain-specific risks such as tailing dams.

Supplier Code of Conduct

A major milestone in early 2019 was the release of our Supplier Code of Conduct. This document sets out BlueScope's minimum standards for suppliers and forms the basis of engagement and assessment processes.

We require all our suppliers to monitor their compliance with the Code and to communicate any issues or challenges in their operations and supply chain. Suppliers are also required to comply with processes that assess compliance with the Code.

Through targeted engagement, the Supplier Code of Conduct has already been distributed to over 60 suppliers directly. All our responsible sourcing documents have also been made publicly available through our corporate website and are being added to individual business unit websites.

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

We will always attempt to work with suppliers to address and remedy issues. Ongoing non-compliance, however, may lead BlueScope to end the partnership.

As many of our suppliers are local to the communities and countries where we operate, we have translated all of our conduct documents, as well as key assessment tools, into local languages to ensure clear communication and better understanding across our whole supplier base.

Rollout and ongoing training and awareness

The internal rollout of our responsible sourcing framework was yet another milestone in FY2019. It encompasses in-person training in each business unit and major country of operation, including training and engagement sessions with each lead team and intensive workshop-style training with procurement teams.

Training sessions and attendees in FY2019

	Training Sessions	Approx. No of attendees
Business unit lead teams	12	60
Procurement teams	14	120

Each workshop included detailed discussions about ESG risks relevant to the business and their supply chain, and a review of the business unit's suppliers, their segmentation, and the prioritisation for engagement and assessment of ESG risks.

Already, procurement teams have embedded responsible sourcing principles and the Supplier Code of Conduct into their sourcing practices, and the business is in the process of adopting standard terms and conditions that entrench the Supplier Code of Conduct and transparency principles into supply contracts.

RESPONSIBLESTEEL™ – TRANSPARENCY IN THE STEEL VALUE CHAIN

ResponsibleSteel™ is the only truly global multi-stakeholder scheme focussed on moving the steel industry worldwide towards a more sustainable future.

BlueScope is a founding member of ResponsibleSteel™, an international organisation established to improve the transparency of steel product supply chains. ResponsibleSteel™ covers the entire steel supply chain from raw material supply through steel processing to use, reuse, and recycling.

ResponsibleSteel™ is developing a performance standard that will set the minimum expectations of transparency, governance and risk management for all participants in the steel value chain. BlueScope is actively involved in reviewing the draft performance standard and will continue to be involved in implementing minimum performance standards in the future.



Segmentation of suppliers based on risk and leverage

In FY2019, improved processes for assessing and managing supply chain risk began with finalising the model for segmentation of our suppliers based on ESG risk and leverage, as per the diagram below.

This model has been applied to over 80 per cent of our supply chain by value. Together with input from our business unit teams and their local knowledge, it provides the basis of our prioritisation of suppliers for engagement and ESG risk assessment. There are currently more than 800 suppliers represented in the segmentation model.

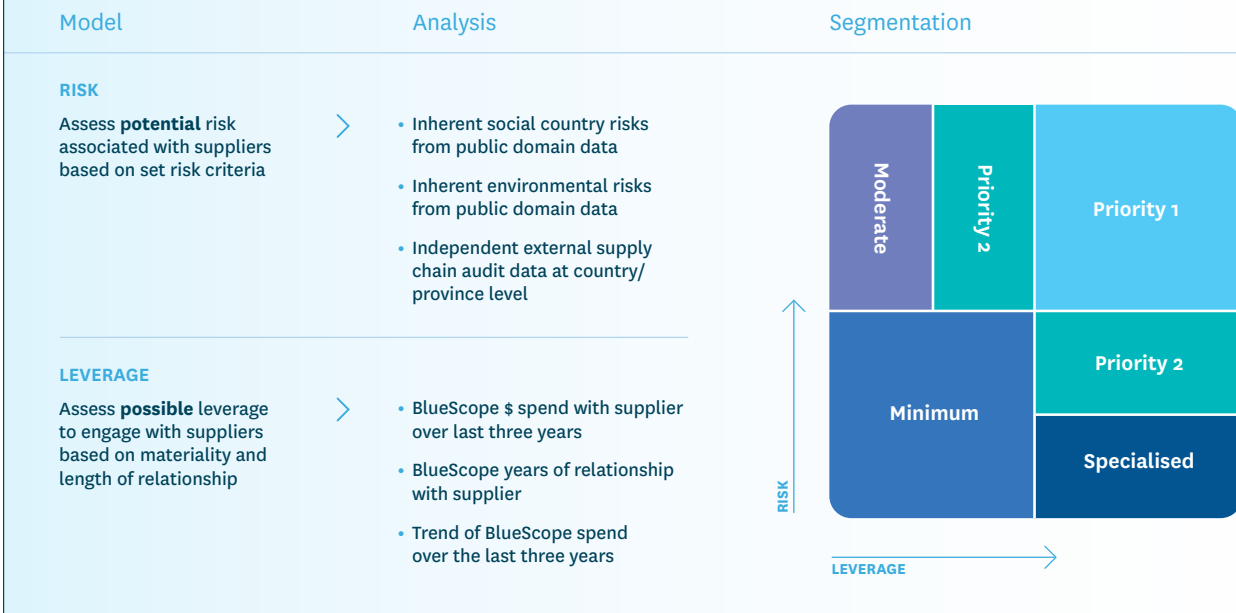
The benefit of this approach is that we can prioritise our engagement and due diligence efforts. As of the end of FY2019 there are 25 Priority 1 and 163 Priority 2 suppliers—clearly the primary focus of our assessment processes over the next two years.

Assessment framework and progress

The implementation of a three-tiered assessment framework enables a nuanced approach to engage with suppliers, depending on their own level of progress in managing ESG risk. This was piloted during early FY2019 with over 20 suppliers of varying sizes and locations, with their feedback assisting to inform the final process design.

The assessment process is required for all Priority 1 and 2 suppliers, and for new suppliers who are expected to become Priority 1, Priority 2 or Specialised. BlueScope may also apply the assessment process to additional suppliers, based on the judgement of the business.

Segmentation model



Supplier assessment framework



Number of assessments completed/underway by assessment type

	ASSESSMENTS COMPLETE			ASSESSMENTS UNDERWAY
	ASSESSMENT ACCEPTED	ASSESSMENT ACCEPTED WITH SOME CONDITIONS	COMPLETE WITH FURTHER ACTIONS REQUIRED	
Corporate Desktop Assessment	10	2	8	4
Self Assessment Questionnaire	19	2	1	25
Onsite Assessment		1	1	

Supplier engagements have been mostly positive or at least compliant. Larger suppliers tend to understand this type of process because it is either similar to their own requirements, or similar to engagements with other customers.

A small number of suppliers (including some larger suppliers) provided insufficient responses to the self-assessment questionnaire. In each instance we followed up—in some cases quite a few times—to give them every opportunity to respond fully. In these situations, we have had to adjust our expectations of timing and may well adjust our process to ensure that positive engagement is maintained in an effort to increase awareness and appreciation of ESG risk management.

The two onsite assessments completed have been positive engagements with suppliers. In each case the supplier gave positive feedback on the audit and committed to the required Corrective Action Plan and our ongoing engagement to monitor implementation.

Across the business, 63 assessment processes have been initiated and 34 are complete. Of our 25 Priority 1 suppliers, 21 supplier assessments were completed in FY2019. Three of the remaining four are well progressed

and are expected to be finalised in early FY2020. One assessment is on hold due to significant changes in the supply chain in question, and will be resumed during FY2020 once the situation is clarified.

The key area of focus for FY2020 is to expand our engagement and assessment processes out across the majority of our Priority 2 suppliers.

Looking ahead

In early 2020 we will refresh the segmentation model with updated risk information and supplier data, and with the knowledge of assessments already conducted. This will ensure that our efforts remain focussed on the greatest areas of need.

We will conduct third party assessments against our Supplier Code of Conduct at several of our own operational sites. This is an important learning exercise for our business, to experience the assessment process and demonstrate that we are compliant with our own standards.

SUPPLEMENTARY INFORMATION

Memberships and partnerships

BlueScope is a member of a wide range of local, national and global organisations. In Australia, we are a member of many industry associations, with the majority being professional associations, bodies for sharing technical knowledge and skills, and associations for developing specific markets or applications for steel products.

Last year we published a summary of BlueScope's membership of industry associations in Australia that deal with climate change and energy policy. This summary identified that there were no material differences in the policy positions of the six key industry associations of which we are a member, and with which we discuss climate change and energy policy matters. We recognise that the public positions of these organisations will not always be exactly the same as

BlueScope's. However, we seek to engage with, and remain a member of, organisations whose positions are broadly consistent with ours on the issues of most importance to us.

Consistent with the prior year, we believe that there were no material differences in our policy on climate change and energy and the policy positions of the six key industry associations of which we are a member in Australia in FY2019.

In recognition that the positions that industry associations hold in relation to various policy matters are dynamic and evolve over time, in FY2020 we have published details of the governance processes we will apply to regularly review our memberships of industry associations.



Our industry association summary and governance standard are available on our website.

BlueScope paid approximately \$1.35 million in membership fees to a wide range of industry associations in Australia in FY2019.

The key memberships include the following six associations:

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

Of these, the largest individual membership fee payment was to the Australian Steel Institute—the principal body representing the domestic steel supply chain, including steel manufacturers, processors, fabricators and allied professions. The ASI plays a leading role in developing product and technical standards for steel, professional development, and industry advocacy to support the Australian steel industry's future growth.

The average membership fee paid to the other five associations was approximately \$60,000.

Material topics and definitions

The table below details definition and boundaries for our most material and important topics as identified through our materiality processes, and detailed further in Section 2.

Rating	Topic	Definition	Boundary	Pg
Material	<i>Employee and contractor safety, health and wellbeing</i>	Maintaining the health of all people who work with BlueScope, or who are affected by BlueScope's operations, including managing safety risks	Employees, contractors	14, 34–38
	<i>Climate change and energy</i>	Managing climate change risks, reducing our carbon footprint across our global operations and developing products to support a transition to a low carbon economy	Suppliers, operations, customers	15–33
	<i>Supply chain sustainability</i>	Managing the social, environmental and ethical risks present in our global supply chains	Suppliers, corporate, operations	51–56
	<i>Governance and business conduct</i>	Managing our business in a responsible, honest and transparent manner and in compliance with our policies and relevant legislation	Customers, corporate, operations, employees, suppliers	10–14, 49
	<i>Diversity and inclusion</i>	Developing a diverse and inclusive workforce	Employees	44–50
Important	<i>Communities</i>	Supporting and engaging with the communities in which we operate, including Indigenous communities	Communities, employees	41–43
	<i>Leadership and talent development</i>	Attracting, retaining and developing talented people	Employees	44–45, 50
	<i>Workplace culture and engagement</i>	Maintaining a positive and engaging workplace culture	Employees	44–50
	<i>Environmental impacts</i>	Minimising the environmental impact of our operational sites	Operations	16–31, 38–40
	<i>Product stewardship</i>	Maintaining the quality, safety and environmental performance of our products throughout the product life cycle	Customers, operations, suppliers	28–33
	<i>Innovation</i>	Investing in innovation to enhance the value and social and environmental performance of our products and improve the efficiency with which we operate	Corporate, operations, customers, suppliers	30–33
	<i>Tax transparency</i>	Being transparent about our tax affairs	Corporate, operations	17

Stakeholder engagement

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

The primary interests of each stakeholder group were identified through our materiality process and discussions with the BlueScope personnel who engage regularly with them. In the table below, we have identified stakeholder interests and the methods through which we engage with them.

<i>Stakeholder</i>	<i>Interests</i>	<i>Principal engagement methods</i>
<i>Customers</i>	<ul style="list-style-type: none"> – Reliability of supply – Product cost and quality – Product performance and environmental value – Development of innovative solutions – Availability of local BlueScope representatives – Business conduct – Engagement by BlueScope to understand customer needs 	<ul style="list-style-type: none"> – Sales and contract negotiations – Visits to customer sites – Presence at industry events including conferences and forums – Direct engagement to understand long term needs and emerging challenges
<i>Shareholders</i>	<ul style="list-style-type: none"> – Delivery of top quartile investment returns – Corporate governance – Business conduct – Risk management and controls – Climate transition risk mitigation – Safety performance and controls – Supply chain risk controls 	<ul style="list-style-type: none"> – Release of half-year and year-end financial reports and presentations – Annual General Meeting – ASX announcements – ESG briefings with institutional investors – Remuneration briefings with institutional investors
<i>BlueScope people</i>	<ul style="list-style-type: none"> – Safe and healthy workplaces that support wellbeing – Meaningful employment – Positive and engaging culture – Training and development opportunities – Visibility of leadership teams – Sustainability of financial performance 	<ul style="list-style-type: none"> – Regular contact with direct manager or supervisor – Employee engagement survey – Online and other communication channels – Training sessions – Employee forums – Site visits from leadership teams
<i>Communities</i>	<ul style="list-style-type: none"> – Environmental and social impact of operations – Employment opportunities – Economic contribution – Impact on local cultural heritage 	<ul style="list-style-type: none"> – Community liaison groups and forums – Support of and presence at community events
<i>Government and regulatory bodies</i>	<ul style="list-style-type: none"> – Compliance with environmental, social and commercial legislation and regulation – Economic contribution, including taxes paid – Product and process innovation 	<ul style="list-style-type: none"> – Liaison with local and national government and regulators in all jurisdictions in which we operate – Direct policy submissions to government – Membership of industry associations
<i>Suppliers</i>	<ul style="list-style-type: none"> – Transparency during the procurement process – Business conduct – Financial performance 	<ul style="list-style-type: none"> – Meetings and discussion during procurement process – Ongoing questionnaires and disclosure
<i>Joint venture partners</i>	<ul style="list-style-type: none"> – Governance of non-controlled operations – Product cost quality and performance 	<ul style="list-style-type: none"> – Meetings with joint venture partners – Site visits to joint venture businesses

Metric definitions and glossary

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

Metric	Definition
Waste produced	<p>The disposal of wastes to a recognised, controlled landfill facility, or the disposal of wastes through incineration where the waste has not been explicitly sold or used as a fuel for another process reported in tonnes (t). The two sub-classifications are:</p> <p>(i) General waste – materials that can be disposed of without specific conditions, treatment or controls to landfill or incineration facility.</p> <p>(ii) Industrial waste – typically includes all other materials disposed of to landfill or incineration facility that require specific consideration of their potential to release contaminants into the environment, and as such require additional controls or treatment.</p> <p>Material that has not yet been disposed in a landfill facility or incinerated is not classified as waste until either of these criteria have been met.</p>
Waste reused/ recycled	<p>Waste materials that cannot be reprocessed through our own on site operations, they can be reused or recycled through an external process reported in tonnes (t). The two sub-classifications are:</p> <p>(i) Recycled domestic/packaging waste: recycling of paper and cardboard, and other all packaging materials inclusive of steel, aluminium and the various coded plastic containers, i.e. the equivalent to domestic solid waste separated for the purposes of recycling.</p> <p>(ii) Recycled process waste: non-packaging materials that are reused or recycled externally through alternative processes, and includes materials such as concrete, refractories, lamps, metals, sludges, scale, oils and spent pickle liquor, and where not able to be used onsite, scrap steel.</p>
Scrap steel	<p>Steel recycled in the steelmaking process reported in tonnes (t). The two sub-classifications are:</p> <p>(i) pre-consumer scrap steel: internally generated steel such as cropped ends of semi-finished steel products and steel damaged in production, recycled prior to delivery to the customer</p> <p>(ii) post-consumer scrap steel: externally generated steel goods, such as cars and refrigerators, that are recycled at end of life.</p>
Co-products (or by-products)	<p>Materials that are produced in parallel to or as a consequence of, the production of a primary product and which also have a potential value and reported in tonnes (t). The main solid co-products produced during iron and crude steel production are slags (90% by mass), dusts and sludges. Alongside solid co-products, process gases from coke ovens, blast furnaces and basic oxygen steelmaking furnaces are also important steelmaking co-products. Internally generated scrap steel (pre-consumer scrap) is not included as a co-product.</p>
Material Efficiency (%)	<p>An indicator developed by worldsteel to illustrate the relative efficiency of steel production facilities. Calculated as dividing the tonnes of raw steel and co-products produced by the tonnes of raw steel, co-products and waste produced. Where 'co-products produced' is the total volume of slag produced and 'waste produced' is equivalent to waste landfilled or incinerated from our steelmaking sites.</p>
Environmental regulatory non-compliance	<p>Breach of an environmental legal requirement. A non-compliance may be identified through internal or external processes.</p>
Air emissions	<p>Air emissions refer to oxides of nitrogen (NO_x), sulphur oxides (SO_x), and fine particulate matter (PM₁₀), each separately reported in tonnes per annum (t/annum).</p>
Oxides of Nitrogen (NO_x)	<p>Oxides of Nitrogen (NO_x) that are released into the atmosphere that occur from sources that are owned or controlled by the Company, reported per annum in tonnes of NO₂. Total NO_x is the sum of the total Nitric Oxide (NO) and Nitrogen Dioxide (NO₂) emissions expressed as NO₂.</p>
Sulphur Oxides (SO_x)	<p>Sulphur Oxides (SO_x) that are released into the atmosphere that occur from sources that are owned or controlled by the Company, reported per annum in tonnes of SO₂. Total SO_x is the sum of the total Sulphur Dioxide (SO₂) and Sulphur Trioxide (SO₃) emissions, expressed as SO₂.</p>
Fine Particulate Matter	<p>Fine Particulate Matter below 10 micrometres in diameter (PM₁₀) that are released into the atmosphere that occur from sources that are owned or controlled by the Company, reported per annum in tonnes of PM₁₀.</p>

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

GRI INDEX

GRI content index

<i>Disclosure</i>	<i>Description</i>	<i>Location</i>
<i>Organisational profile</i>		
102-1	Name of the organisation	Back cover of this report
102-2	Activities, brands, products, and services	Page 8–9
102-3	Location of headquarters	Page 8–9
102-4	Location of operations	Page 8–9
102-5	Ownership and legal form	FY2019 Directors' Report
102-6	Markets served	Page 8–9, 17. Detailed information regarding our principal markets can be found in our FY2019 Directors' Report
102-7	Scale of the organisation	Page 8–9
102-8	Information on employees and other workers	Page 8–9 Page 44–46
102-9	Supply chain	Page 51–56
102-10	Significant changes to the organization and its supply chain	Page 8–9
102-11	Precautionary principle or approach. BlueScope does not make a specific statement on the precautionary principle, but commitments to addressing climate change, water and broader environmental impacts are applicable.	BlueScope does not make a specific statement on the precautionary principle, however our approach to sustainability (page 3–5) and our commitments to addressing climate change, water and broader environmental impacts are applicable.
102-12	External initiatives	Page 57
102-13	Membership of associations	Page 57
<i>Strategy</i>		
102-14	Statement from senior decision-maker	Page 1–2
<i>Ethics and integrity</i>		
102-16	Values, principles, standards, and norms of behaviour	Our Bond; Page 10–13; 49–50
<i>Governance</i>		
102-18	Governance structure	Page 10–13; 57; Annual Financial Report 30 June 2019;

Stakeholder management

102-40	List of stakeholder groups	Page 59
102-41	Collective bargaining agreements	We seek to maintain sustainable employee arrangements and respect the right of our employees to choose whether they negotiate the terms of their employment individually or collectively. Approximately 30 per cent of our employees are covered by collective arrangements. The Company collectively bargains with employee representatives in full compliance with the requirements of the jurisdictions in which it operates. We enter all negotiations in good faith and endeavour to maintain a constructive dialogue with negotiating parties. In the last twelve months, negotiations over new collective agreements were concluded in both Australia and New Zealand.
102-42	Identifying and selecting stakeholders	Page 8–9; 58–59
102-43	Approach to stakeholder engagement	Page 8–9; 58–59
102-44	Key topics and concerns raised	Page 8–9; 58–59

Reporting practice

102-45	Entities included in the consolidated financial statements	Annual Financial Report 30 June 2019
102-46	Defining report content and topic boundaries	Page 8–9; 58–59;
102-47	List of material topics	Page 8–9; 58–59
102-48	Restatements of information	Page 15;
102-49	Changes in reporting	Page 15;
102-50	Reporting period	Page 1–2
102-51	Date of most recent report	Page 1–2
102-52	Reporting cycle	Page 1–2
102-53	Contact point for questions regarding the report	Back cover of this report
102-54	Claims of reporting in accordance with the GRI Standards	Page 5;
102-55	GRI content index	Page 63–65;
102-56	External assurance	We have not sought external assurance over disclosures included in the report.

Stakeholder engagement Specific standard disclosures

Disclosure	Description	Location	Omission
<i>Health, safety and wellbeing</i>			
103-1	Explanation of the material topic and its boundary	Page 4–5, 58	N/A
103-2	The management approach and its components	Page 10–15, 34–38	N/A
103-3	Evaluation of the management approach	Page 10–15, 34–38	N/A
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	— Page 36 — No fatalities occurred in FY2019 at BlueScope controlled sites operating under BlueScope's health and safety management system. Regrettably, in November 2018 a contractor was fatally injured while working on an independently managed construction site for a contracting company engaged by BlueScope Lysaght Thailand. Detailed on page 36.	N/A

Diversity and inclusion

103-1	Explanation of the material topic and its boundary	Page 4–5, 58	N/A
103-2	The management approach and its components	Page 10–15, 44–50	N/A
103-3	Evaluation of the management approach	Page 10–15, 44–50	N/A
405-1	Diversity of governance bodies and employees	Page 10–15, 44–50 Annual Financial Report 30 June 2019	N/A

Climate change and energy

103-1	Explanation of the material topic and its boundary	Page 4–5, 58	N/A
103-2	The management approach and its components	Page 10–15, 16–27	N/A
103-3	Evaluation of the management approach	Page 10–15, 16–27	N/A
305-4	GHG emissions intensity	Page 19, 26	N/A

Supply chain sustainability

103-1	Explanation of the material topic and its boundary	Page 4–5, 58	N/A
103-2	The management approach and its components	Page 10–15, 51–56	N/A
103-3	Evaluation of the management approach	Page 10–15, 51–56	N/A
414-1	New suppliers that were screened using social criteria	Page 55–56	N/A

Business conduct

103-1	Explanation of the material topic and its boundary	Page 4–5, 58	N/A
103-2	The management approach and its components	Page 10–15, 44–50	N/A
103-3	Evaluation of the management approach	Page 10–15, 44–50	N/A
205-3	Confirmed incidents of corruption and actions taken	Page 49–50	N/A

Specific standard disclosures

Disclosure	Description	Location	Omission																		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<p>A number of our sites are situated in close proximity to areas of cultural or ecological significance. Various controls and management processes are in place to ensure the preservation and enhancement of these protected areas.</p> <table border="1"> <thead> <tr> <th>Country</th> <th>Site</th> <th>Area</th> </tr> </thead> <tbody> <tr> <td>Australia</td> <td>Port Kembla Steelworks</td> <td>Tom Thumb lagoon Green and gold bell frog ponds</td> </tr> <tr> <td></td> <td>Western Port</td> <td>Western Port Ramsar wetlands UNESCO biosphere reserve</td> </tr> <tr> <td>New Zealand</td> <td>Waikato North Head ironsand mine</td> <td>Maori burial sites Waikato River and wetlands</td> </tr> <tr> <td></td> <td>Glenbrook Steelworks</td> <td>Waiuku River Waikato River Archaeological sites Remnant indigenous forest</td> </tr> <tr> <td>USA</td> <td>Steelscape Kalama</td> <td>Columbia River</td> </tr> </tbody> </table>	Country	Site	Area	Australia	Port Kembla Steelworks	Tom Thumb lagoon Green and gold bell frog ponds		Western Port	Western Port Ramsar wetlands UNESCO biosphere reserve	New Zealand	Waikato North Head ironsand mine	Maori burial sites Waikato River and wetlands		Glenbrook Steelworks	Waiuku River Waikato River Archaeological sites Remnant indigenous forest	USA	Steelscape Kalama	Columbia River	N/A
Country	Site	Area																			
Australia	Port Kembla Steelworks	Tom Thumb lagoon Green and gold bell frog ponds																			
	Western Port	Western Port Ramsar wetlands UNESCO biosphere reserve																			
New Zealand	Waikato North Head ironsand mine	Maori burial sites Waikato River and wetlands																			
	Glenbrook Steelworks	Waiuku River Waikato River Archaeological sites Remnant indigenous forest																			
USA	Steelscape Kalama	Columbia River																			
307-1	Non-compliance with environmental laws and regulations	During FY2019, BlueScope notified relevant authorities of nine environmental non-compliances with environmental regulation or legislation. Six occurred at Port Kembla Steelworks, three at the Glenbrook steelworks, four of these related to water, four related to air and one to waste. All of the non-compliances were relatively minor in consequence.																			



BLUESCOPE STEEL LIMITED
LEVEL 11, 120 COLLINS STREET
MELBOURNE, VICTORIA 3000
AUSTRALIA
ABN 16 000 011 058

SUSTAINABILITY@BLUESCOPE.COM
WWW.BLUESCOPE.COM

  @BlueScope