

# Sustainability Report

## 2021/22



Managing Director  
and CEO's message

Who we are  
and what we do

Sustainability  
at BlueScope

The future  
of steel

Sustainable growth  
and transformation

Safe, healthy and  
inclusive workplaces

Climate  
action

Responsible products  
and supply chains

Strong  
communities

Governance

About this Report

# Our Purpose

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

# Our Bond

## Our Customers are our partners

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

## Our 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 Local Communities are our homes

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

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This Report outlines the sustainability performance of the consolidated entity ('BlueScope' or 'the Group'), consisting of BlueScope Steel Limited ('the Company') and its controlled entities for the year ended 30 June 2022. Read more on page 69.

BlueScope Steel Limited ABN 16 000 011 058

**Cover image:** Two compact homes built on a steep hillside in Aro Valley New Zealand, the White House and the Black House, are clad in COLORSTEEL® Cloud and COLORSTEEL® Ebony to suit the bush setting. The White House superstructure uses 150mm steel framing and corrugated profile is used inside and out to complement the many farm buildings in the region.

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# A message from our Managing Director & CEO

BlueScope's FY2022 Sustainability Report features our achievements during the year as we continue our sustainability journey. Our commitment to, and action on, sustainable development was recognised by worldsteel naming BlueScope a Sustainability Champion for 2022. And, as our HSE Evolution program continues, it was named a joint winner of worldsteel's Safety and Health Excellence Recognition in Leadership and Culture for 2021.

We are delighted that the Port Kembla Steelworks and associated sites in the Illawarra region of New South Wales have been granted ResponsibleSteel™ certification – the first steelmaker in Asia Pacific to be certified and the fourth globally.

As the Steelworks approaches its 100-year anniversary in 2028, we are looking towards its low-carbon, modern manufacturing future. In pursuit of this, we are investigating a range of initiatives to ensure that this important facility can deliver strong returns to the business, and the local community, for the next 100 years.

We are proud to have become a signatory to the United Nations Global Compact (UNGC), recognising our commitment to human rights and good labour practices, to protecting the environment and to work against corruption. In joining the UNGC, we commit to make its ten principles part of our culture and the way we work every day. In addition, this year we updated our Human Rights Policy to enshrine further protections for our people and those we work with.

Across the steel value chain we are seizing opportunities to further contribute to the circular economy. Where possible, we are adopting technologies to use more scrap feed at our

steelmaking sites, and the establishment of BlueScope Recycling and Materials during the year helps us improve the quantity and quality of scrap. Through innovations in product development we are responding to customers' increasingly stringent demands for products with higher levels of sustainability performance.

As you read our FY2022 Sustainability Report, you will discover the many ways BlueScope people live Our Purpose, every day:

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



**Mark Vassella**  
Managing Director & CEO



The Port Kembla Steelworks and associated sites in the Illawarra region of New South Wales have been granted ResponsibleSteel™ certification – the first steelmaker in Asia Pacific to be certified, and the fourth globally. This independent, third-party certification demonstrates the sites' sustainability and climate credentials and ability to manage supply chain risks, and reflects the quality of our operations and how we engage with customers, suppliers, employees and our communities.



BlueScope is proud to be named a worldsteel Sustainability Champion for 2022, in recognition of our work during the last year and the way we demonstrate our commitment to, and action on, sustainable development.

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# Who we are and what we do

**BlueScope is a leader in metal coating and painting for building and construction. Our 15,700<sup>1</sup> people in 18 countries manufacture and market a wide range of branded products that include pre-painted COLORBOND® steel, metallic coated ZINCALUME® steel and the LYSAGHT® range of building products.**

BlueScope is Australia's largest steel manufacturer. **Australian Steel Products** manufactures and distributes flat steel products, with a key focus on higher value, branded products for the building and construction industry.

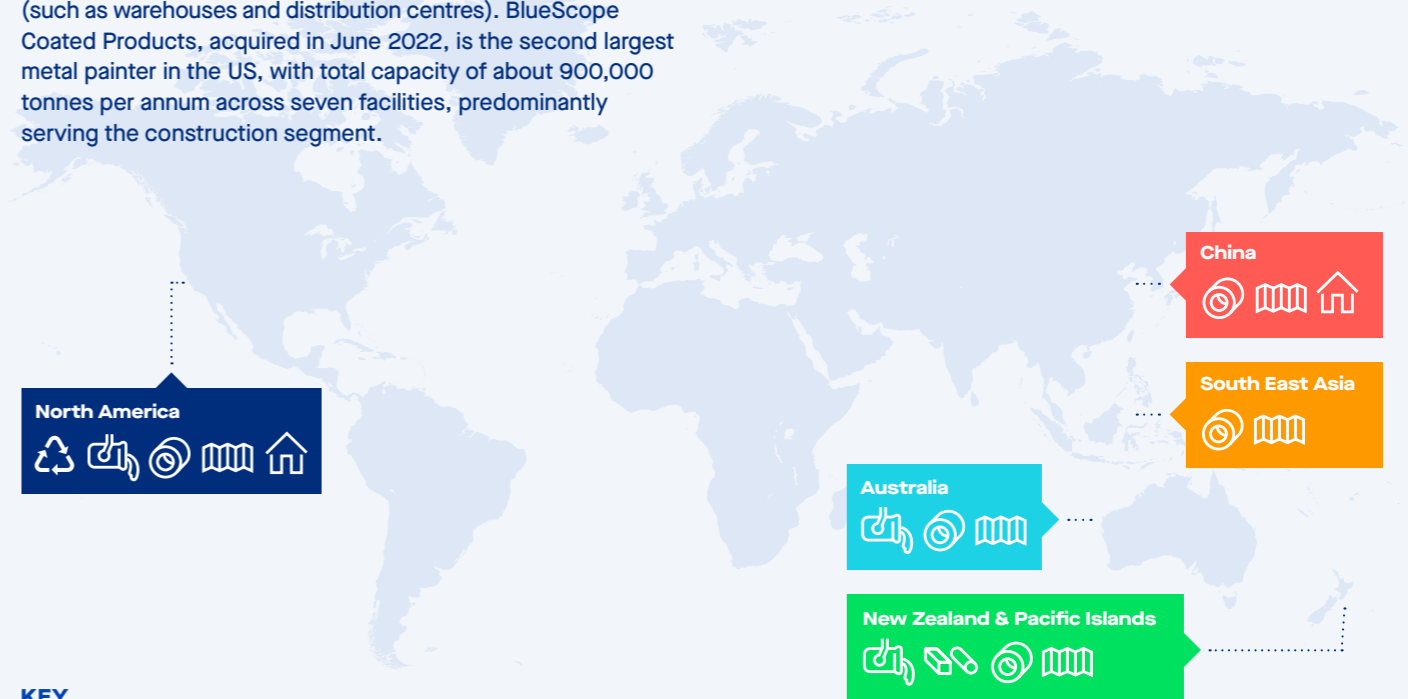
**North Star BlueScope Steel** is a low-cost hot rolled coil producer in the US, serving the automotive and construction industries. It operates at industry leading utilisation rates and is strategically located in Delta, Ohio, in a key scrap-rich area near its customers. BlueScope Recycling and Materials, acquired during the year, is a full-service, ferrous scrap metal recycler with one of its two processing facilities adjacent to our North Star BlueScope Steel facility. In August 2022, a third ferrous scrap processing site was acquired.

**Building Products Asia and North America** has an extensive footprint of metallic coating, painting and steel building product operations across China, India and ASEAN. Its coating and painting assets on the west coast of the US serve the non-residential construction industry.<sup>2</sup>

1 Includes BlueScope operations acquired in FY2022 which now form part of BlueScope Recycling and Materials, and BlueScope Coated Products.  
2 BlueScope has interests in a number of joint ventures (JVs). The most substantial are in partnership across ASEAN and the west coast of North America with Nippon Steel Corporation (NSC), and in India with Tata Steel. Both are 50:50 joint ventures with BlueScope controlling and therefore consolidating the joint venture with NSC (NS BlueScope Coated Products), and jointly controlling and therefore equity accounting the joint venture with Tata Steel (Tata BlueScope Steel).

**Buildings and Coated Products North America** is a leading supplier of engineered building solutions to industrial and commercial segments. Based on speed of construction and low total cost of ownership, its leading brands include BUTLER® and VARCO PRUDEN®. This segment includes the BlueScope Properties Group, which develops Class-A industrial properties (such as warehouses and distribution centres). BlueScope Coated Products, acquired in June 2022, is the second largest metal painter in the US, with total capacity of about 900,000 tonnes per annum across seven facilities, predominantly serving the construction segment.

BlueScope is the only integrated steel producer in New Zealand, using locally-sourced ironsands to produce a range of flat and long steel products for domestic and export use. The **New Zealand and Pacific Islands** business has facilities in New Zealand, Fiji, New Caledonia and Vanuatu.



## KEY

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

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# Creating strength along the steel value chain

## RELIABLE, RESPONSIBLE AND LOCAL SOURCING

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

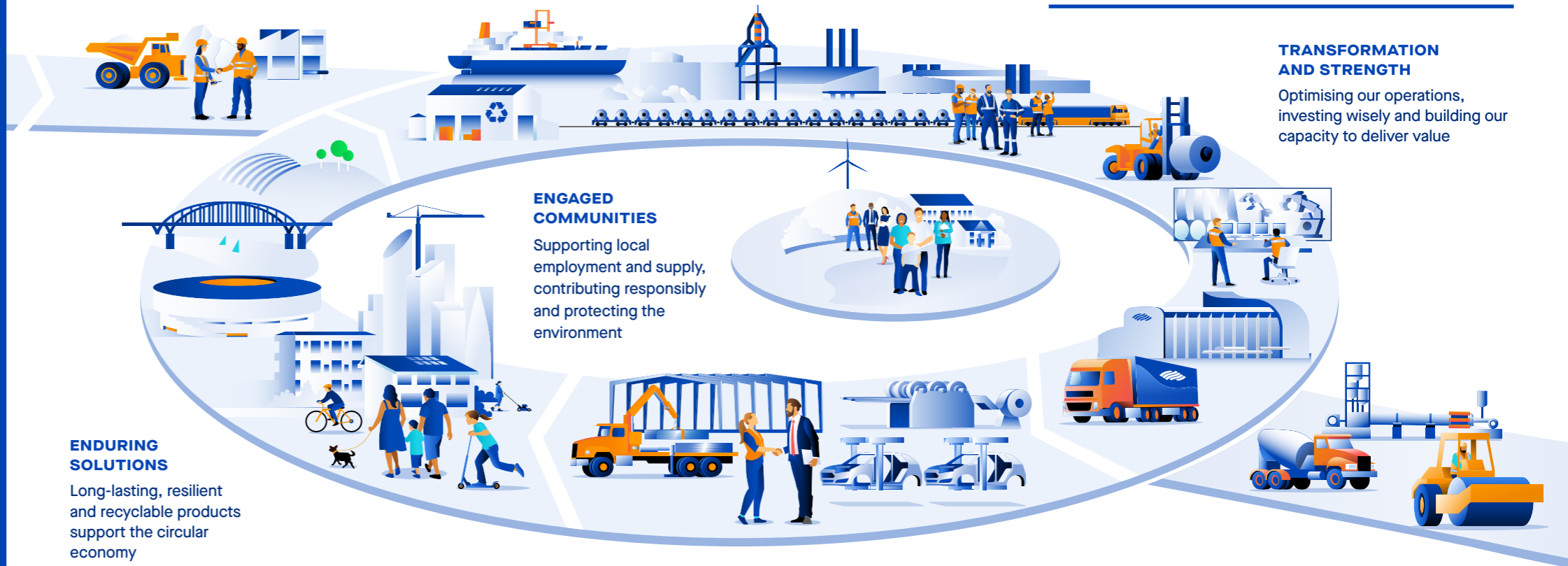
## SAFE, HEALTHY AND INCLUSIVE WORKPLACES

Creating an inclusive culture, protecting human rights and supporting the health, safety and wellbeing of our people

## RESOURCE EFFICIENCY AND STEWARDSHIP

Manufacturing excellence and responsible operations deliver climate action and protect shared resources

Guided by the values of Our Bond and the intent of Our Purpose, our contribution to sustainability extends beyond our own operations and includes the way we source materials, engage with all those we do business with and support our local communities.



## INDUSTRY COLLABORATION

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

## STRONG GOVERNANCE

Robust governance mechanisms and transparency

## CUSTOMER-LED

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

## VALUED CO-PRODUCTS

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

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# Sustainability at BlueScope



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## At BlueScope, sustainability means working for our success in a way that benefits our people, communities, supply chains and the environment.

**Our Purpose** drives our approach to sustainability:

### We create and inspire smart solutions in steel

- » We are a proud and trusted steel manufacturer and service provider, providing essential and enduring products for the benefit of modern society.
- » Our innovative and quality steel products can help our customers realise their vision for sustainable design and long-term application.

### ...to strengthen our communities for the future

- » We aim to provide a great place to work, we operate with integrity to influence our supply chains and support our local communities through economic participation, partnership and caring for the environment.
- » We provide enduring solutions for modern society, influencing the way we live and work, now and in the future.

## How we approach sustainability

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

Our Sustainability Outcomes (shown on page 04), reflect our long-term vision to manage our economic contribution, the effect of our operations on the environment, and engagement with our communities. They represent the sustainability challenges and opportunities our stakeholders consider most important, and that are critical to our success.

Our approach to achieving these Outcomes is embedded in our Strategy, and delivered through activities and programs to manage and transform our operations, build the skills and engagement of our people, provide a safe workplace, protect the environment, and deliver smart solutions in steel for our

customers. Our approach is supported by operating principles and standards including our Code of Conduct, *How We Work* and our Group Risk Appetite. Together, these elements define the way BlueScope develops, manufactures and sells steel products and solutions, while building resilience and capacity to drive a sustainable future.

Above all, our Sustainability Outcomes acknowledge our potential to make an enduring contribution. Through our annual Sustainability Report and other regular reporting, we outline our performance and set out our priorities for the future.

➤ **Our Strategy is further detailed in *Business strength and resilience* on page 16.**



**“Our ability to set a clear decarbonisation pathway, contribute to the circular economy and support our people is vital to realising our Sustainability Outcomes.”**

Gretta Stephens, Chief Executive Climate Change and Sustainability



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## Understanding what matters most

**We value trusted relationships with the key stakeholders in Our Bond. We engage regularly with these and other stakeholders to understand what matters most to them.**



Sustainability outcomes	Material sustainability topics
<b>01</b> Sustainable growth and transformation	Business strength and resilience Transformation Governance
<b>02</b> Safe, healthy and inclusive workplaces	Health, safety and environment Culture and capability Social impact and human rights
<b>03</b> Climate action	Climate change and energy transition Water stewardship
<b>04</b> Responsible products and supply chains	Supply chain sustainability Responsible products
<b>05</b> Strong communities	Community engagement & support Economic contribution

This year we reassessed our material sustainability topics, interviewing BlueScope leaders and other stakeholders, researching emerging themes for our sector, adjacent and other sectors, and seeking independent views on the topics that may affect our ability to deliver on our Strategy. The review identified and prioritised matters that may affect the economy, environment and people, including human rights, across BlueScope and our business relationships.

The review has elevated our focus on social impact, human rights and energy transition. The assessment also identified overriding themes that apply across our Sustainability Outcomes and Topics, such as circular economy, climate disruption and demand for responsible business practices and products. These themes are explored in *The future of steel* (see pages 08-13) and further expanded on in relevant Topics throughout the Report.

Our Sustainability Outcomes have been updated as a result of the assessment to elevate our focus on Growth and Transformation and Health and Wellbeing (see pages 14-29).



**Read more about our approach to stakeholder engagement in our FY2022 Sustainability Data Supplement, available at bluescope.com**

### Our approach to reporting

We aim to report on topics that matter most to our stakeholders and align with industry frameworks that guide our approach to appropriate disclosure. These include the Global Reporting Initiative (GRI) Standards, the Taskforce on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB) Industry Standard for Iron and Steel Producers and the United Nations Sustainable Development Goals (UN SDGs). Our corporate reporting suite aims to provide the depth of information needed on certain topics and FY2022 performance results. As such, our FY2022 Sustainability Report should be read in conjunction with our Annual Report, Tax Contribution Report, Modern Slavery Statement and Sustainability Data Supplement, available at bluescope.com





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### Supporting the Sustainable Development Goals

BlueScope supports the United Nations (UN) Sustainable Development Goals (SDGs), and we align our efforts to these global imperatives to protect and care for people, act responsibly, innovate for shared benefit and use resources wisely. Our Sustainability Outcomes are aligned to relevant SDGs as shown throughout our FY2022 Sustainability Report. Our performance against these goals further complements SDG17, recognising the importance of partnership and collaboration along the steel value chain, and SDG16 which aims to reduce corruption and bribery in all its forms. This Report, and our FY2022 Sustainability Data Supplement, contain examples of how our business and our people support the UN SDGs.

BlueScope proudly became a participant in the United Nations Global Compact (UNGC) during the year, as we seek to ensure our business practices respect and uphold human rights and good labour practices, protect the environment and work against corruption.



 BlueScope's inaugural UNGC Communication on Progress is included in our FY2022 Sustainability Data Supplement, available at [bluescope.com](https://bluescope.com)

### Spotlight on SDG9: Industry, innovation and infrastructure

We are proud that Our Purpose directly supports the intent of SDG9 to build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. Here's how:



#### Build resilient infrastructure

The steel we supply today will support communities for decades to come, as it underpins the critical transition required for so many sectors, including renewable energy.

Our durable steel products are used to build lasting, resilient infrastructure and can be used to extend the life of existing buildings. For example, TRUECORE® steel has been used to add eight storeys to a 50-year-old, 12-storey building in Melbourne, Australia.


 Read more in *Responsible products* on page 54.



#### Inclusive and sustainable industrialisation

We proudly promote and support inclusive and sustainable industry, seeking to increase the proportion of women in operator, trade and leadership roles, ensuring our workplaces reflect the diversity of the communities where we operate and investing wisely for long-term value creation in domestic industries around the world.

Our established footprint of high-quality assets supports the development of value-added steel products that are tailored for the specific requirements of each region where we operate.


 Read more in *Sustainable growth and transformation* on page 14, *Safe, healthy and inclusive workplaces* on page 22 and *Strong communities* on page 60.



#### Foster innovation

Innovation is at the heart of our success; we are transforming our business for greater operational efficiency and customer experience, and collaborating with our customers, research institutions and others to create and inspire smart solutions in steel.

This year we further expanded our global advanced analytics capability and established Digital Manufacturing hubs at Port Kembla, Glenbrook and North Star to strengthen plant productivity and energy efficiency across our global manufacturing footprint.

 Read more in *Sustainable growth and transformation* on page 14, *Climate action* on page 38 and *Responsible products and supply chains* on page 50.

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# The future of steel



Kingborough Community Hub was constructed with 36m long sheets of our ARAMAX® roof sheeting in COLORBOND® steel Windspray® that were rolled on-site using Fielders' Mobile Mill.  
Architect: March Studio  
Builders: Hutchinson Builders  
Photographer: Peter B Bennets

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# Creating strength for the future with steel

## At BlueScope, we see a strong future for steel, providing a critical foundation for sustainable economic development and the transition to a low carbon society.

Steel's strength, durability and adaptability make it vital to modern economies. It's in the buildings we call home, the cars we drive, the electronics we use every day and the equipment we all rely on.

If steel is not 'in' something, it's probably in the machine that was used to make it. A durable material which can be recycled repeatedly without loss of quality, steel is also fundamental to a successful circular economy.

Steel products provide enduring solutions for rapid construction and long-term use, flexible design, thermal comfort and weather resilience. The steel we supply today will support economies for decades to come and is critical to underpinning the transition required in many sectors including the renewable energy industry.

Demand for steel, coupled with industry shifts towards greater engagement, collaboration and standards setting, underpins our industry's response to climate change and the opportunity for improved circularity. These topics are further addressed on pages 10-13.

### Steel is an essential material, critical to the transition to a low carbon future.

#### Steel is used in every aspect of our lives<sup>3</sup>

- » From cars and buildings to refrigerators and cargo ships, and much more
- » It's the world's most important engineering and construction material
- » It has highest strength to weight ratio of all building materials.

#### Steel underpins sustainable development<sup>3</sup>

- » Can be recycled over and over again making it important in a circular economy
- » Underpins the transition to renewable energy as electricity infrastructure (including transmission, wind towers and solar farms).

#### Steel contributes to economic prosperity<sup>3</sup>

- » Globally, supports direct employment for over 6 million people; 50 million people indirectly
- » The amount of steel in use in the world today is equal to more than 233 kg per person
- » Global demand expected to increase for decades, driven by emerging economies.

### BLUESCOPE'S RESPONSE

Its inherent durability, coupled with BlueScope's advanced coating and diverse applications, enables steel to be transformed into products that matter to us all. From our homes, to transport systems, infrastructure and housing, to manufacturing, agriculture or energy, our industry is continuing to expand its offer of advanced high strength steels, which reduce the weight of applications and encourage circular economy practices. Across our businesses, we create and inspire smart solutions in steel, which help enable more sustainable outcomes by:



Supporting  
climate transition  
and resilience



Improving product  
longevity and  
performance



Solutions for  
specific applications

Collaborating with customers for effective design and application of steel is an example of how we'll continue to innovate and support sustainable and efficient practices. Importantly, we're also working across businesses, industries and regions with transparency and accountability to help us all reach our critical goals for a more sustainable future, with our communities at the core.



Read more about our *Responsible products* on pages 54-59.

<sup>3</sup> Source: World Steel Association <https://worldsteel.org/about-steel/steel-facts/>.

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# Climate change and industry transformation

Climate change is a global issue that requires a global approach. The steel sector contributes to approximately seven to nine per cent of global greenhouse gas (GHG) emissions.<sup>4</sup> The steel sector is a hard-to-abate industry due to its capital intensity, long-lived assets and limited commercial alternatives to greenhouse intensive production technologies. Work is underway across the industry to improve the efficiency of iron and steelmaking operations to decarbonise and help the sector to transition to a low-carbon economy.

We recognise that decarbonising the steel industry cannot be achieved by one company or even the sector, alone. It will require sustained action by the entire steel value chain, customers, governments and civil society.

## Breakthrough technologies

Like many other sectors, many of the critical technologies that will enable the steel sector to achieve net zero GHG emissions are generally at an early stage of technical and commercial readiness. As such, it is important to investigate avenues for investing in such technologies so that these can be adopted at scale when it is commercially viable to do so.

Several hydrogen-based ironmaking technologies are being explored globally that range from injection of hydrogen into the blast furnace via tuyeres, to the replacement of ironmaking technologies with direct reduced iron using green hydrogen. Direct electrolysis of iron ore utilising 100 per cent renewable electricity is also a promising but early-stage technology now undergoing small pilot trials internationally. Significant advances are needed beyond concept studies and demonstration plants before such technologies can be commercialised across the sector.

A number of key enablers are required to achieve commercialisation and scale up of these breakthrough technologies (see page 42).

<sup>4</sup> worldsteel data.

<sup>5</sup> IEA Iron and Steel Technology Roadmap.

Based on current research, technology and commercial readiness, we expect these technologies will continue to develop over this and the next decade, with significant take-up across the steel industry predicted into the 2040s.

## Achievement of net zero challenged by global scrap availability

Steel is the most recycled material in the world.<sup>4</sup> Today, more than 50 per cent of the world's steel is made from obsolete scrap (from end-of-life used products that have been recycled). Across BF-BOF steelmaking and EAF steelmaking, this is expected to increase to around 67 per cent in 2050 as steel stocks built up over the previous decades reach end-of-life.<sup>5</sup>

Despite this high recoverability, scrap alone cannot fulfil the sector's requirements for input material. Scrap availability is limited by the rate at which steel products reach the end of their life (lead times are up to 100 years for building and infrastructure) and the efficiency of scrap collection and sorting systems. Unfortunately, current and predicted future demand for steel far exceeds the amount of steel reaching end-of-life and therefore making its way into the scrap supply chain. There are also regional differences in scrap availability that steelmakers need to contend with including expense and inefficiencies in transporting scrap.

Another challenge is the availability of prime quality scrap that can affect the steel grades produced from scrap based EAF steelmaking. Typically, flat steel production requires a higher portion of prime scrap (generally sourced from manufacturing by-products such as offcuts and clippings) and obsolete scrap relative to long products.

Acknowledging that global scrap steel supplies are insufficient to produce enough steel through scrap based EAF steelmaking to meet expected steel demand, steel produced from virgin iron will continue to play a critical role in the future.

## BLUESCOPE'S RESPONSE

We are playing an active role in exploring emerging and breakthrough technologies with our key value chain, government and academic partners. For example, we are researching low emission technologies and exploring direct iron reduction of iron ores, with the intent of using green hydrogen produced from renewable electricity.

We are installing and commissioning a renewable hydrogen electrolyser to explore and test green hydrogen in our blast furnace operations at Port Kembla Steelworks. We are also exploring the establishment of a hydrogen hub in the Illawarra region, extending collaboration with local businesses, research institutions and governments to explore options for hydrogen supply and offtake, renewable energy supply and hydrogen electricity infrastructure.

Despite insufficient global scrap availability, we are looking to increase scrap utilisation across our steelmaking footprint. We have established BlueScope Recycling and Materials following two recent acquisitions in the US. When completed, the expansion of our North Star EAF steelmaking facility is estimated to increase BlueScope's overall scrap use as a percentage of steel production to over 50 per cent.

We have a long and established history of working with universities and research organisations on emerging and breakthrough technologies, with recent collaborations on green ironmaking with Victoria University in New Zealand and biochar with the University of Wollongong.



Refer to *Climate action* for more details on page 38.

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## Stakeholder collaboration and the role of standards

The growing movement in responsible and verified supply chain practices is a driving force for change in the steel industry. Confidence in raw material supply, underpinned by certification schemes, is important for our stakeholders.

The recently released ResponsibleSteel™ standard and certification program is an important example of multi stakeholder collaboration for change in our sector that is encouraging more sustainable practices. Driven by the collaborative effort of industry and civil society, it has been designed to give customers, stakeholders and consumers confidence that the steel they use has been sourced and produced responsibly.

ResponsibleSteel™ is also one of a number of research and standard setting organisations that have recognised that existing methodologies for assessing a product's impact on climate change – such as percentage of recycled content – are not fully fit for purpose in assessing climate transition.

The Net Zero Steel Pathway Methodology Project (NZSPMP) Report, released in July 2021, provided several recommendations for consideration by methodology setting organisations to better enable stakeholders to assess companies' emissions performance against their peers. The NZSPMP recommended adopting a fixed system boundary approach to GHG emissions reporting and targets (Scope 1, 2, and 3), resolving issues that arise from differing levels of vertical integration of iron and steelmaking facilities and their supply chains. The NZSPMP also highlighted that recognising the different challenges associated with decarbonisation pathways for primary (virgin iron) and secondary (scrap) steelmaking is critical to achieve the sector's net zero aspirations.

Other aspects gaining recognition include the importance of reflecting geographic nuances of access to quality raw and processed materials, energy supply, availability of appropriate infrastructure, and government support.



In February 2022, our Port Kembla Steelworks in Australia became the first site in the Asia Pacific region, and the fourth steelmaker in the world, to obtain ResponsibleSteel™ certification.

### BLUESCOPE'S RESPONSE

BlueScope has participated and played a pivotal role in several initiatives to develop a consistent methodology and approach to responsible sourcing, GHG emissions performance and targets, and developing a net zero pathway for the sector.

BlueScope is a founding member of the NZSPMP and ResponsibleSteel™, and a member of the Science Based Targets initiative (SBTi) Expert Advisory Group which is seeking to refresh the SBTi's methodology for steel including alignment to a 1.5°C future. Pleasingly, both ResponsibleSteel™ and the SBTi have sought to integrate elements of the NZSPMP findings into their methodologies. Read more about how we are contributing to the development of science-based targets for the steel sector on pages 44-45.

As various policy, standards and finance focused taxonomies emerge, we will continue to monitor their impact on the steel sector and BlueScope and, if possible, seek to contribute to their formation.

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## Activating a circular economy

**Steel is central to a circular economy – one where society ensures resources and materials remain in use (and reuse) for as long as possible. Leveraging steel's strength, durability and recyclability, a circular steel economy is one where our sector's products or parts are designed for effective and long-term application, and then repaired, re-used, remanufactured or recycled, rather than discarded.**

Applying circular thinking to steel means we value the essential steel items we produce and see ongoing value in them beyond their designed life. The steel products we make today will become the resources of tomorrow, much like the co-products we produce (blast furnace slag, for example) will become valued inputs to another process or product. In this way, steel in a building, vehicle or piece of equipment is viewed as more than a single use item – it can be viewed as a materials bank, where components sustain value beyond their initial application.

Modular construction using light gauge, high strength steels to reduce materials use in specific building applications, and advanced coatings to extend product life, are just some of the ways circular design principles can apply to steel.

We see a number of factors supporting this shift, including:

- » **Product and manufacturing innovation** – Continuous innovation is driving new product design, manufacturing methods and construction practices. These shifts respond to increased expectations for higher quality products, delivered faster, with reduced environmental impact.
- » **Standards and labelling** – Trusted ecolabels and product environmental declarations are no longer viewed as bespoke practice. For the steel industry, Environmental Product Declarations and the uptake of reputable standards of practice for raw material supply and iron and steelmaking, such as the ResponsibleSteel™ Standard, will become the new baseline for good sustainability performance and transparency.

- » **Appetite for adaptive reuse** – With the building sector accounting for 39 per cent of global carbon emissions (28 per cent from building operations and 11 per cent from embodied carbon in building materials and construction)<sup>6</sup>, we see an increasing focus on the opportunity to extend the useful life of existing structures and materials to accommodate changing urban landscapes.
- » **Supportive public policy** – Industry will need to work with governments and other stakeholders, to ensure policy provides the right guidance and support to underpin the circular economy. This includes matters such as product traceability schemes, and access to quality, affordable end-of-life materials.



6 Australian buildings and infrastructure: Opportunities for cutting embodied carbon, Industry Report. Clean Energy Finance Corporation. November 2021.

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## BLUESCOPE'S RESPONSE

Our view on the key actions for steel industry circularity at each stage of the life cycle, and the steps BlueScope is taking to create and inspire smart solutions in steel, to strengthen our communities for the future.

### ● STEEL REUSE AND RECYCLING

#### Key industry actions

Circular business models and supply relationships, collection systems to improve separation and contaminant removal.

#### BlueScope actions

- » Expanding production capacity at our predominately scrap fed North Star operation, supported by establishing BlueScope Recycling and Materials. See *Business strength and resilience*.
- » Seeking opportunities to increase scrap recycling in all steelmaking locations.
- » Introducing new equipment and digital technologies to increase and optimise the economic use of steel scrap in iron and steelmaking. See *Climate action*.

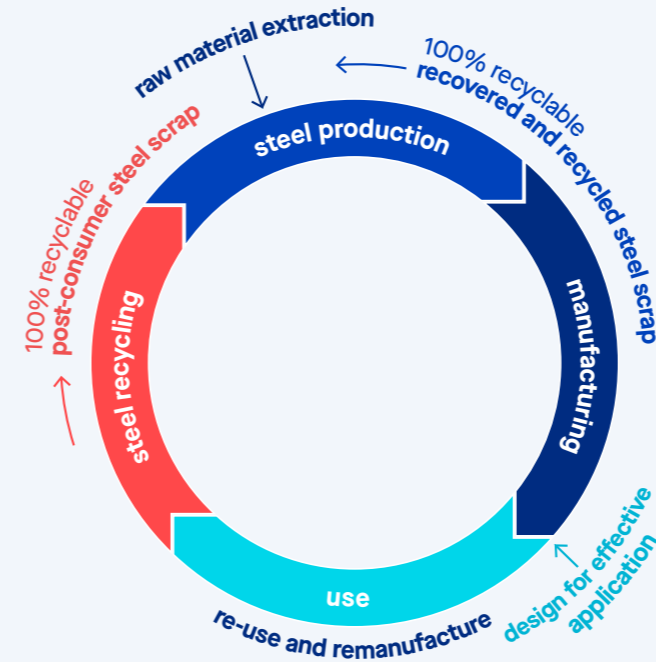
### ● STEEL USE

#### Key industry actions

Maintaining products to achieve their full design life and seeking opportunities to extend use, re-use or remanufacture.

#### BlueScope actions

- » Providing durable steel products for flexible design, thermal comfort, weather and seismic resilience and rapid construction.
- » Developing advanced coating technologies such as Activate® for improved corrosion resistance to extend product life.
- » Producing high strength steel grades for embodied carbon savings in structural design applications relative to standard steel grades. See *Responsible products*.



### ● DESIGN FOR EFFECTIVE APPLICATION

#### Key industry actions

Life cycle assessments, labelling and claims in line with accepted standards to support specification. Working with customers to design for long-term application and adaptive reuse.

#### BlueScope actions

- » Providing detailed Environmental Product Declarations and certified products to global labelling standards.
- » Working with architects, engineers and customers to support specification and decisions for sustainable outcomes.
- » Applying rigorous test and evaluation programs to ensure proven environmental and reliability credentials of new products. See *Responsible products*.

### ● IRON AND STEEL PRODUCTION

#### Key industry actions

Responsible sourcing and balanced use of raw and other material and energy inputs, optimising co-products from traditional waste streams.

#### BlueScope actions

- » Partnering with suppliers on reuse and efficiency opportunities, and input materials with reduced impact. See *Supply chain sustainability*.
- » Optimising use of co-products and waste in our operations and as valued inputs to other sectors, displacing material consumption. See *Materials efficiency, waste and co-products*.
- » Introducing new equipment and digital technologies to increase and optimise economic use of steel scrap.
- » Implementing our iron and steelmaking decarbonisation pathway to achieve our medium-term GHG targets and long-term goal. See *Climate action*.

### ● STEEL PRODUCT MANUFACTURING

#### Key industry actions

Optimising processes, applying technology for better quality, materials efficiency and reduced waste, applying responsible sourcing and manufacturing standards.

#### BlueScope actions

- » Leveraging digital and modern manufacturing technologies. See *Transformation*.
- » Certified Port Kembla Steelworks to the ResponsibleSteel™ Standard. See *Responsible products*.
- » Effective packaging for product integrity, materials efficiency and reuse, and transport efficiency. See *Materials efficiency, waste and co-products*.

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## **Sustainable growth and transformation**





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## TOPIC

# Business strength and resilience



## OUR VIEW

**We operate our large and sophisticated asset base in a cyclical industry. We look through the cycle, adopting a balanced view of both current and emerging operating priorities, to achieve long-term strength and shared success.**

## Highlights

- » Record financial results of \$3.8Bn underlying EBIT in FY2022
- » Robust balance sheet, \$367M net cash at 30 June 2022
- » Major projects, laying foundations for earnings and growth
  - › Construction of the \$1Bn North Star expansion substantially complete, commencing ramp-up
  - › Assessment of the comprehensive Port Kembla Steelworks blast furnace reline and upgrade project (including technologies to enable GHG emissions reductions) – transitioned to feasibility
- » Investing for growth and sustainable earnings in North America with two strategic acquisitions totalling \$1Bn
  - › Established BlueScope Recycling and Materials ferrous recycling business
  - › Established BlueScope Coated Products with significant national painting footprint
- » Nearly \$1Bn returned to shareholders through dividends and buy-backs.

## Approach

Our financial strength is vital to our ability to deliver meaningful value to our investors, customers, suppliers, employees and communities. We aim to operate a resilient, cost competitive and efficient business by investing in businesses with good returns, maintaining a strong balance sheet and delivering returns that attract shareholder support.

## Future focus

Using our financial strength to:

- » Transition to low carbon future, supported by our Capital Allocation Framework
- » Invest to deliver sustainable operations and long-term growth, including:
  - › Port Kembla Steelworks blast furnace reline (in feasibility assessment)
  - › Ramping-up 850,000tpa expansion and beginning assessment of debottlenecking at North Star
  - › Investigating additional metal coating capacity in Australia
- » Continue to deliver strong returns to shareholders, through:
  - › Increased target annual ordinary dividend<sup>7</sup>, and
  - › On-market buy-back program.

While we take a long-term view, making decisions in timeframes aligned to the life cycles of our assets, we also work to ensure that we can withstand cyclical lows and economic shocks, take advantage of opportunities and deliver returns throughout the cycle.

Our approach is guided by Our Purpose, our Strategy and our Financial Framework.

<sup>7</sup> Following a review, in August 2021 the Board announced its intention to target an increased annual ordinary dividend of 50 cps per annum. This will be subject to the Company's financial performance, business conditions, growth opportunities, capex and working capital requirements and the Board's determination at the relevant time.

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## Our Strategy

Our Strategy sets out how we will deliver on Our Purpose and deliver strong returns and sustainable outcomes over the next five years and beyond. Our Strategy seeks to drive transformation and growth, while continuing to deliver on core expectations for our stakeholders.

**We have a resilient portfolio of businesses that are well positioned to participate in the favourable long-term outlook for steel, supported by favourable industry and end use trends.**

- » The focus on climate change continues to accelerate – and whilst we're working hard to pursue the decarbonisation of our operations, we're also excited by the role our products play as a vital input for a clean energy future.
- » The robust pipeline of public infrastructure and non-residential investment is supporting demand in the steel intensive building and construction segments across our key markets.
- » The now established trend of remote and hybrid working environments is supporting the shift towards lower density and regional residential housing – this favours BlueScope's products such as COLORBOND® and TRUECORE® steels.
- » The transition to the digital economy is driving demand for steel intensive e-commerce infrastructure including warehouses, distribution centres and data centres – creating a supportive backdrop for all of our businesses
- » Recent macroeconomic and geopolitical volatility has continued to reinforce the importance of domestic supply chains and sovereign manufacturing capability – which aligns to BlueScope's strategy of focusing on our domestic markets.
- » On the supply side, consolidation and rationalisation has transformed the US steel industry, which is clearly exhibiting enhanced supply side discipline, and China's efforts to reduce exports and limit overproduction and emissions are also major positive factors.



## Financial Framework

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

### The Framework is comprised of three pillars:

**Returns Focus.** We seek to focus on delivering returns greater than our cost of capital, and to offer employee incentives linked to this. Maximising free cash flow generation through the cycle is crucial. Both measures address the capital-intensive nature of our business and so the need to maintain strong disciplines around asset performance and cash flow generation.

**Robust Capital Structure.** We seek to maintain a robust capital structure which reflects the cyclical nature of the industry in which we operate, having a long term net debt target of around \$400 million. Our intent is to retain strong credit metrics and to maintain financial capacity to both weather the cycles and have the capacity to take advantage of value accretive opportunities. If we use leverage to finance acquisition activity, it is to be accompanied by an active debt reduction program.

**Disciplined Capital Allocation.** We invest to maintain safe and reliable operations, and support the achievement of our decarbonisation pathways. We operate a returns-focused process, with a disciplined competition for capital between investing for long-term sustainable growth and shareholder returns. Within this element of the framework, we seek to distribute at least 50 per cent of free cash flow to shareholders in the form of consistent dividends and on market buy backs. We also seek to avoid 'top of the cycle' investments.

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## Investing for our future

We're optimistic about the future. The benefits we are seeing today, with a record FY2022 profit and an average Return on Invested Capital (ROIC) exceeding 20 per cent over the past five years (22.7 per cent), have been underpinned by the decisions made over the last decade. We're now seeking to lay the foundations for future growth and returns for decades to come.

We are contemplating approximately \$1.9 billion of investment priorities focussing on (i) positioning ourselves for a low carbon world, (ii) securing the future of our business and its safe and reliable operations, and (iii) investing to grow in accordance with our Strategy. These projects will be subject to our rigorous capital investment evaluation process and we will provide ongoing updates as we progress through the program of work.



### CASE STUDY

## DELIVERING OUR US GROWTH STRATEGY

It has been a year of major achievement and progress for BlueScope in the US. Construction is substantially complete on our biggest single capital project, to add 850,000 tonnes per annum of hot rolled coil production capacity to the North Star mini-mill in Delta. The first coil was produced in June 2022, and we are commencing the 18-month ramp-up to full run rate. We will now begin to assess a low capital cost hot strip mill debottlenecking opportunity, targeting a further 500,000 tonnes per annum of production.

In December, BlueScope established BlueScope Recycling and Materials, or BRM, by acquiring the ferrous scrap steel recycling business of MetalX in Waterloo, Indiana and in Delta, Ohio, for approximately US\$220 million. In August 2022, a third scrap processing site was acquired. BRM gives us a crucial presence and expertise in scrap processing. The new business unit will enable North Star to improve the quality and quantity of obsolete scrap it uses and reduce the mix of higher cost, prime scrap.

In June, BlueScope established a significant national painting footprint in the US with the \$717 million acquisition of the Coil Coatings business from Cornerstone Building Brands. Now named BlueScope Coated Products, or BCP, the business is the second largest metal coil painter in the US, with around 900,000 metric tonnes of annual painting capacity. BCP provides BlueScope with immediate access to the large and growing Eastern US region, along with a longer-term opportunity to further integrate our US flat steel value chain.

Altogether, BlueScope's total investment in the US is now around \$5 billion, with nearly 4,000 employees.

## Governance

Maintaining a strong and resilient business is a collective effort. The Board sets our risk appetite. Business unit leaders are primarily responsible for managing financial and non-financial risks in their business. Business units monitor a range of metrics aligned to our risk management principles and report performance to the Executive Leadership Team (ELT) each quarter. At a Group level these metrics are aggregated and reported to the Risk and Sustainability Committee (RSC).



Read more about our Governance approach on pages 66-68.



## CORPORATE CONFIDENCE INDEX SURVEY

BlueScope regularly monitors investor perceptions of its performance through the Corporate Confidence Index (CCI) survey. BlueScope was rated in the top five against other Australian listed companies in the April 2022 CCI survey in the categories listed below, and first in those in bold:

- » Effective CEO
- » Capable senior executives
- » Strong focus on enhancing shareholder wealth
- » Senior executive remuneration aligned with shareholder interests
- » Judgement in acquisitions/divestments/investments
- » Strong free cash flow next 12 months
- » Effective capital management
- » **Communicates well with investment community**
- » **High level of integrity**
- » **Good market disclosure**
- » **Informative management briefings**
- » **Good access to senior management.**

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# Transformation



OUR VIEW

**Investment in data and technology will drive the next wave of operational excellence and customer experience improvements across the business. BlueScope is investing in targeted use cases in priority areas, in growing our people and technology capabilities, and transferring solutions and knowledge across our global business.**

## Highlights

- » Improved operational efficiency through increased use of data, advanced analytics, automation and digital mobility solutions
- » Improved customer experience through deeper market understanding, strategic analysis and digital solutions
- » Building digitally enabled technology platforms by investing in strategic partnerships, data and cloud technology, Internet of Things (IoT) sensors, machine learning and other technologies
- » Growing the capability of our people to deliver new leadership, innovation and strategic capabilities and a growth mindset to drive transformation
- » Building global excellence through transfer of knowledge and solutions with enterprise wide scale and leverage opportunities.

## Future focus

- » Expand investments in new and emerging manufacturing and supply chain technologies to deliver continuous improvement in operational efficiency
- » Invest in the underlying data and technology systems to support efficient operations, customers' evolving expectations and our growth aspirations
- » Continue to grow the capability of our people across all regions by investing in education and learning pathways, strategic partnerships and innovative ways of working
- » Invest in delivering enhanced customer experiences through people, processes and technology improvements.

## Approach

Each of our businesses face different strategic challenges and opportunities relative to their local industry. We work to respond to these needs, utilising the enterprise capability across BlueScope to help accelerate and scale solutions globally and between businesses.

We have a disciplined approach to transformation investments, including building the critical people, data and technology capabilities required to support our growth ambitions. A dedicated corporate Digital Transformation team works with our businesses and regions to provide strategic leadership in these areas whilst also ensuring the fast transfer of knowledge and solutions across the Group.



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## Operational efficiency

We have a strong culture of seeking continuous improvement and are constantly looking to increase efficiency, build capability and use resources efficiently. Our Manufacturing Excellence framework describes the BlueScope manufacturing way of working to deliver on our promises to our stakeholders, and is grounded in the principles of “making every shift count” through:

**Empowering an improvement mindset and culture** – Includes problem solving, sustainability and environment, managing controllable costs, and digital technology.

**Managing daily operations** – Includes manufacturing disciplines, standardised work practices, leadership, visual performance management and building high performance teams.

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

As data and digital technology have become more available, we are upskilling our people and investing in IoT sensors, data and connectivity platforms, machine learning and digital twin technologies to drive greater step change in managing our daily operations, and improving overall operational and capital efficiency and supply chain operations.

## Customer experience

Strategic and intentional Customer Experience (CX) design is key to creating smart solutions in line with Our Purpose, and is critical to continuing to meet consumer expectations. Our customers want a seamless and easy path to purchase. This requires the right resources and technology, with our people facilitating and driving change. We're investing in building digital capability and a marketing technology ecosystem to integrate analytics, information and intelligence, and convert them into critical insights to offer a more personalised and seamless purchasing experience.

Key to the success of our Customer Experience Program is the ongoing investment in our service and innovative culture by fostering experimentation and customer orientation capability and leadership mindsets.



### CASE STUDY

## ASSET INTELLIGENCE REDUCES DOWNTIME AND MAINTENANCE COSTS

We are introducing asset intelligence technology to significantly reduce unscheduled downtime, avoid cost and improve the long-term productivity and efficiency of our steelmaking facilities. Starting at our Springhill coating and painting site in Port Kembla, Australia this year, we are rolling out an end-to-end asset intelligence system. This multi-technology, multi-vendor strategy is designed to transform how effectively we are able to run and maintain our assets. This initial investment at Springhill will allow us to move from preventative time-based maintenance systems to condition-based predictive maintenance, including smart wireless devices and connectivity platforms to constantly monitor and measure critical signals, and digital platforms to enable the transition to paperless systems. We anticipate that these changes will see a greater proportion of operating budgets spent on proactive rather than reactive maintenance in addition to improving overall uptime of these facilities.

In Thailand, New Zealand and Western Port, Australia we have already commenced investing in the critical foundations to enable a similar transformation, by means of new IoT sensors, cloud connectivity and data visualisation technologies. This will bring greater insights into real time data and enable these sites to benefit from the global rollout of the asset intelligence program over the next few years.



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#### CASE STUDY

### GLOBAL ECOSYSTEM OF EXPERIENCE TOOLS

Leading edge marketing technology and tools are simplifying decision making for customers, as visualisation and interactive design elements highlight how our steel products can be brought to life, specific to local industry requirements.

In North America, the Steelscape 'Visualiser' interactive design tool is helping homeowners and their building partners make decisions on design, colours, and overall aesthetics. They can apply a colour, rotate 360° and get a 3D view, as well as zoom in on a gallery of pictures with prints and textures, or upload their own image. Architects and designers also enjoy being able to select a particular product on the AEP Span website, with all associated technical documentation built into one package as a PDF file – they no longer have to search and collate documents. And in Australia, the COLORBOND® steel design studio enables architects to realise a design vision with over 200 colours and finishes.

Live Chat is a feature on a number of our sites, giving customers almost instant access to support or information through a 'knowledge bank'. This has reduced Customer Service wait times and enabled easier access to our sales and account management teams. Through digital technology our customers have access to more information, allowing more seamless experiences as they engage with us.



In this example, Steelscape's visualiser tool illustrates how ZINCALUME® steel roofing can change a building's aesthetics.



#### CASE STUDY

### IMPROVING PLANT AND ENERGY EFFICIENCY THROUGH SMART DIGITAL SOLUTIONS

We have invested in new data science capability through establishing a central data science team to explore new technologies to strengthen plant productivity and energy efficiency.

At our Digital Manufacturing Hub in Port Kembla, we are demonstrating the possibilities of advanced analytics. A machine-learning model is being developed to analyse significant amounts of historical data to predict the temperature response of the slabmaking process, and enable operators to make fast decisions that optimise its performance. We are also exploring new digital solutions and building foundational architecture for machine-learning to be deployed across all manufacturing sites to deliver value over a portfolio of use cases including:

» Analytics and visualisation to determine the optimal time to execute tapping of the basic oxygen steelmaking (BOS) furnace.

- » Automated image analysis from camera feeds to identify key quality and process parameters; monitor and troubleshoot equipment and production issues; and improve safety.
- » Machine-learning models to improve the accuracy of operational models in the Port Kembla Hot Strip Mill.

We have identified diverse opportunities to leverage this technology, and are investing in both the people capability and the technology platform for use in other parts of our business.

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## Digitally enabled platforms


As technology and data become more affordable and widespread, we will continue to experiment and innovate to understand how these technologies may transform the way we improve our customers' and employees' experience whilst also identifying ways to improve operational efficiency.

We are making targeted and strategic investments and building strategic partnerships to support value delivery and build a sustainable future. These include:

- » Building an insight driven organisation through advanced analytics capability – allowing leaders to make faster and more accurate decisions
- » Investing in industry 4.0 technologies including IoT sensors, connectivity platforms and digital twins to improve manufacturing and supply chain functions
- » Adopting technologies to standardise and automate repetitive routine work like data entry to free up people to spend more time on higher-value work
- » Enabling speed and scale through data and cloud technologies to support transformational and improvement projects
- » Modernising our IT systems to ensure they support future growth ambitions
- » Building technology capability and leadership to support our transformation program.

### Governance

The ELT oversees BlueScope's transformation agenda. Progress is regularly reported to the ELT with key strategic focus areas reported to the Board as required.

 [Read more about the governance role of our People and Strategy Lead teams on capability in \*Culture and capability\* on page 35.](#)

## Growing our people


Living Our Purpose requires both the capability we need today to run the business while developing and acquiring the capability we need for the future. In this way, we aim to improve and grow the business through new technologies and innovative ways of working.

One of our key priorities is to support capability development across our regions by developing shared capability frameworks and learning pathways, best practice guidelines and innovative ways of working to support the delivery of growth and transformation. We are also supplementing our teams in specific regions through acquiring talent.

A number of Capability Frameworks have been developed to clarify the skills and knowledge necessary for people who play a critical role in transformation projects. These frameworks also outline the necessary benchmarks and learning pathways.

We are working closely with our businesses to develop the appropriate resourcing plans and approach to attracting and retaining regional talent, and ensure they have access to appropriate learning and development. To support this approach, we are growing our Advanced Analytics team and establishing Digital Hubs in regions where additional local depth and support is needed to execute transformation projects.

This year NS BlueScope appointed a Chief Digital Officer to help strengthen that business by developing a digital strategy, roadmap and capability, which are critical to future success.

 [Read more about our approach in \*Culture and capability\* on page 30.](#)



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# Safety, health and environment



## OUR VIEW

**Our care and commitment to health, safety and the environment (HSE) is integral to the way we do business; for our productivity, success and above all our people who work throughout our supply chains and local communities. The safety and health of people is paramount, as are our values of trust, respect and teamwork in our workplaces. We are dedicated to protecting the environment, being a responsible neighbour and providing smarter steel solutions through resource efficiency.**

## Highlights

- » Recognised in worldsteel's 2021 Safety and Health Excellence Recognition Program (Safety Culture and Leadership category)
- » 1372 BlueScope leaders have participated in expert-led HSE Evolution workshops since the start of the program in 2020. More than 110 supply chain and industry partners have also participated
- » A further 138 Learning Teams facilitators were trained globally this year
- » Expanded and strengthened our Environmental Aspirations
- » 243 team-based HSE risk control improvement projects completed, focusing on our critical risks, and a further 53 environment improvement projects.

## Approach

At BlueScope, how we manage HSE is a great source of pride. We integrate contemporary philosophies into our foundational processes to constantly strive for better ways to do things.

Our people-centred approach to HSE leadership, risk management and culture – our HSE Evolution – aims to build capacity through participation and learning, and leveraging the knowledge and experience of our people to continuously improve. This acknowledges that people make mistakes, and that our ability to tolerate error and have the resilience to recover when things do go wrong lies in learning about and strengthening our controls.

Across our business, we are implementing practical HSE risk control improvements to build resilience, whilst empowering our people who make and handle our products to be part of the solution.

## Future focus

Continue to:

- » Embed HSE Evolution principles and lessons learnt
- » Identify and complete HSE risk control improvement projects
- » Launch our integrated BlueScope Health and Wellbeing at Work model, and support current and future initiatives
- » Implement global systems solutions to support and unify HSE risk, incident and compliance reporting
- » Work towards the achievement of our Environmental Aspirations.

We continue to focus on managing intrinsic process safety risks in manufacturing processes, and supplement our expertise with insights from our partnerships with worldsteel and industry peers. We are using the results of an independent expert-led review of our Process Safety Management System to improve systems and processes, initially focusing on steelmaking businesses.

As we begin to look at evolving technology and processes to reduce our carbon impact, we are ensuring these process safety principles are rigorously applied to maintain risk management standards.

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# Continuing our HSE Evolution

Our HSE Evolution program helps us to see risk as an opportunity to learn and improve, recognising that we need greater insight from our people in our dynamic workplaces to achieve safe work environments.

HSE Evolution builds on the knowledge in instructions and compliance procedures, engaging with our people to benefit from their knowledge and experience to develop effective solutions to safeguard against risks.

1372 leaders have attended HSE leadership workshops since 2020, and we are proud that worldsteel recognised

HSE Evolution in its 2021 Safety and Health Excellence Recognition Program (Safety Culture and Leadership category).

We are integrating tools into foundational processes to learn and identify smarter controls as we operationalise HSE Evolution, leading to stronger solutions to make a difference in our workplaces and communities.

Our **Blue Line/Black Line** model supports the leadership attributes of psychological safety, diversity and inclusion, helping us to learn from our people to better understand the reality of work and more effectively controlling risks.

**Better Questions, Stronger Solutions** means listening to our people, especially those who make and handle our products, and sharing what we've learned to improve. This approach embeds effective questioning into existing processes, and helps leaders learn how to better manage risk.

**Learning Teams** epitomise a people-centred approach, bringing a diverse group together to learn from incidents or successes, and discuss challenges and ideas about how to solve complex problems. An extra 138 facilitators were trained globally in using Learning Teams this year.



“worldsteel recognises BlueScope’s HSE Evolution program as representing next generation leadership in Safety & Health across the global steel industry”

Andrew Purvis, Director Sustainable Manufacturing, World Steel Association



## CASE STUDY

### SHARING STORIES FOR STRONGER SOLUTIONS IN THAILAND

NS BlueScope Thailand has embraced Better Questions, Stronger Solutions with a storytelling campaign to share examples of STKYE questions in action and engage and empower employees to speak up. The diverse improvement opportunities have included overhead crane safety, separating people and vehicle movements, equipment isolation and working at heights. Sharing stories on our internal communications platform has been a simple and effective way to promote the teams' ideas and how they enhanced control effectiveness.



## BETTER QUESTIONS, STRONGER SOLUTIONS

STKYE

### What is STKYE?

**Better Questions:**

In the work we do, what is the stuff that can kill you or seriously harm you or the environment? What stops that from happening? So how do we actually do the work now?

**Smart Controls:**

Is that enough or could we do better? If it isn't enough, how could we do that a smarter way, what ideas for solutions do you have?

**Stronger Solutions:**

What do you think the impact of this stronger solution would be?



Read more about our HSE Evolution at [bluescope.com](https://bluescope.com)

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## HSE solutions to sustain our environment and keep us safe and well

We are engaging with and learning from our people to improve how we manage HSE risk – focusing on the positive things, such as capacity, controls, and safeguards, rather than the absence of incidents. Our goal is to reduce the frequency and severity of harm, with improvement projects to strengthen the effectiveness of, and

implement higher level controls for, critical risks across our sites. This year we completed 243 projects and 53 Environmental STARS (stories about the Situation-Task-Activity-Result) that added capacity and resilience into our work environments. The projects cover a range of risk categories including process safety, traffic management, falls, live equipment, overhead cranes, load restraint, product storage and handling, occupational health and hygiene, and managing land, air, water, waste, noise, energy and GHG emissions.



### CASE STUDY

## HYDRAULIC ARM ELIMINATES A CRITICAL SAFETY RISK IN WESTERN AUSTRALIA

The winning entry in BlueScope's 2021 Health and Safety Excellence awards for Health and Safety Innovation of the Year has eliminated a critical safety risk and line-of-fire hazard at BlueScope Building Components in Western Australia. Previously, plate was fed into a press using an overhead crane, with employees guiding the plate into the press in close proximity to the crane. The local team developed a hydraulic arm that guides the plate into the press, removing the line-of-fire risk to employees.



### CASE STUDY

## STRONG SAFETY AND ENVIRONMENTAL PERFORMANCE DURING THE NORTH STAR EXPANSION PROJECT

Operations, production and construction teams at our North Star steelmaking facility in Ohio worked together to support worker safety and maintain our environmental compliance during the site's major expansion, achieving first heat in August 2021 – just two years after BlueScope's Board approved the project.

The project involved hundreds of employees, contractors and suppliers, and continued despite the challenges of managing pandemic risks such as social distancing on the large construction site, remote working, disruptions to project supply chains and onsite works.

The project was implemented alongside business-as-usual operations – North Star's operating steelmaking facility continued to run at 100 per cent capacity while maintaining exceptional safety and environmental performance, reflecting the North Star HSE culture based on employee engagement, continuous communication and feedback with regular incident reporting.



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## Balanced HSE indicators

As we build capacity as part of our HSE Evolution, we focus on reducing the severity of incidents across health, safety and environment. Our balanced metrics include reporting traditional lagging metrics, with leading indicators that support improved capability and HSE risk control effectiveness.

Our HSE recognition programs acknowledge improvements made at sites, with the benefits and lessons learnt communicated across BlueScope. During the year our people worked on over 243 HSE critical risk control projects. In addition, 53 environmental projects were submitted, engaging hundreds of employees, driving environmental improvement and contributing \$7 million per year in ongoing business savings. Environmental non-compliance monitoring not only ensures we meet legal and reporting obligations, but also identifies opportunities to mitigate the potential for more significant incidents. Other key environmental metrics, focused on material efficiency, waste, water, noise, energy and greenhouse gas, ensure performance transparency and help focus on progress towards our environmental aspirations.

We report on incident and injury severity measures to complement our total recordable injury frequency rate (TRIFR) lagging injury indicator. This includes disclosing the number of injuries that resulted in a permanent incapacity, and the number (and percentage) of injuries that had the potential to be fatal incidents. In FY2022 there were 274 recordable injuries, of which seven (2.5 per cent) had the potential to be a fatal incident and unfortunately one injury resulted in permanent incapacity. Our injury profile continues to be predominantly lower severity injuries (e.g. sprains, strains and lacerations). Where injuries occur, our focus is on care and treatment to support recovery.

In FY2022, BlueScope notified relevant authorities of 15 incidents resulting in environmental non-compliance, nine of which occurred in Australia and six in New Zealand, where BlueScope's manufacturing operations are subject to significant environmental reporting obligations.

## OUR BALANCED INDICATORS FOR STRENGTHENED CAPABILITY, RISK MANAGEMENT AND SEVERITY

<b>1372</b>	leaders participated in HSE Evolution workshops	<b>97.5%</b>	material efficiency 76% steel, 21.5% co-products, 2.5% waste
<b>243</b>	HSE risk control improvement projects completed	<b>7</b>	injuries had the potential to be a fatal incident
<b>15</b>	environmental non-compliances	<b>1</b>	injury resulted in permanent incapacity

 See more of our HSE metrics in our FY2022 Sustainability Data Supplement, available at [bluescope.com](https://bluescope.com)



### CASE STUDY

## REDUCING MANUAL HANDLING RISKS

At our Western Port works in Australia, the Crane Maintenance team has worked to eliminate manual handling risks associated with pulling through around 180 metres of overhead hoist cables at three kilograms per metre. A new automated cable puller system installed has eliminated these risks and potential hand injuries from nip points and steel wire puncture wounds, and removed employees from the potential drop zone. The project was implemented as part of our HSE risk control improvement initiatives.



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## Our ongoing commitment to the health and wellbeing of our people

Protecting, supporting and promoting healthy people and healthy workplaces is core to BlueScope. As COVID-19 continues to present challenges across the globe,

effectively managing the pandemic in our workplace and communities with extra health and hygiene measures and supporting employees with mental health and remote working options remains a priority. We have developed a Health and Wellbeing at Work integrated model to enhance our holistic focus on healthy people, healthy workplaces, thriving at work and a thriving culture, which will be launched in 2023.



### CASE STUDY

## RECOGNISING HEALTH AND WELLBEING INITIATIVES IN CHINA

Our Coated Steel China Suzhou team has been recognised with BlueScope's 2021 Health & Safety Excellence Award for Health, Wellbeing and Community Excellence for their initiative "Building a Healthy Future, Enjoying the Happy Life". The initiative focuses on developing "good health habits" for minds, bodies and lifestyle, covering topics such as nutrition, hydration, sleep, physical activity and social connection. It aims to improve health care consciousness through a series of activities and virtual and face-to-face information sessions. Over the past year, more than 90 per cent of the team participated in awareness training and have since applied the learning in daily life and work; about 85 per cent of participants report continuing some form of healthy activity.



### CASE STUDY

## SUPPORTING COVID-19 VACCINATIONS FOR SEAFARERS

Members of BlueScope's manufacturing, supply chain and medical centre teams at the Port Kembla Steelworks joined with representatives of the Port Authority NSW, the Mission to Seafarers and state and local health organisations to organise COVID-19 vaccinations for seafarers in transit at Port Kembla. If not for this community effort, the seafarers may not otherwise have had the opportunity to be vaccinated – essential for many of them to be able to return home to their family and friends.



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## OUR ENVIRONMENTAL ASPIRATIONS



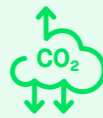
### Protect the land

Protect our soils, preserve cultural heritage and enhance biodiversity



### Eliminate waste

Drive resource efficiency and proactively contribute to building a circular economy



### Preserve the air

Reduce emissions to air and eliminate impacts from process disturbances, protect community health and local ecology



### Protect the community from operational noise

Effective controls eliminating community disturbance



### Preserve community water sources

Conserve fresh water and protect aquatic biodiversity



### Goal of net zero greenhouse gas emissions by 2050<sup>9</sup>

Optimise the use of renewable energy and in-house generation and conserve community energy resources

## Delivering on our environmental aspirations

We strengthened our aspirations for land, air, water, waste, noise and energy/GHG emissions this year, providing a new framework for developing Group and business unit environmental targets and goals.

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

Our facilities worldwide are regulated on environmental matters by local authorities and report environmental performance data as required by site licensing arrangements. Many of our operating facilities, including our three steelmaking sites, also maintain ISO 14001<sup>8</sup> certification for their environmental management systems, providing additional assurance that our approach is suitable, adequate and effective.

All businesses are encouraged to participate in our environmental recognition program, implementing environmental initiatives, documenting benefits and sharing lessons learnt across BlueScope to support our environmental aspirations. See examples of FY2022 activity in our case studies on page 29.



## Resource efficiency and the circular economy

Our manufacturing processes remain focussed on resource efficiency, driving significant environmental improvements and sustainable business outcomes.

Where practical we use co-products and waste products, from both our own operations and other sources, as substitutes for virgin raw materials. Besides the commercial benefits, this supports the circular economy, minimising the impact on the ecosystem, reducing greenhouse gas emissions, and preventing waste materials from going to landfill so they can be used in sectors beyond the iron and steel industry. In FY2022, 46 per cent of BlueScope's raw steel production originated from recovered and recycled scrap steel, with 97 per cent materials efficiency achieved across our three steelmaking facilities.

We continue to optimise raw materials consumption and minimise waste through raising awareness, sharing ideas and site improvements that drive both business and environmental benefits. This year we diverted more than 48,000 tonnes of material away from landfill or treatment, via internal and external reuse and recycling.



Read more about our approach to circular economy in *The future of steel* on page 12.

8 ISO 14001 is the international standard that specifies requirements for an effective environmental management system (EMS).  
9 Achieving our 2050 net zero goal is dependent on several enablers including commerciality of emerging and breakthrough technologies, availability of affordable and reliable renewable energy and hydrogen, availability of quality raw materials and appropriate policy settings.

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#### CASE STUDY

### BLUESCOPE CHINA REUSE PACKAGING MATERIALS FOR ENVIRONMENTAL BENEFITS ACROSS THE SUPPLY CHAIN

Our Coated Steel plant in Suzhou, China, supplies 30,000 tonnes of steel coils per annum to our BlueScope Songjiang plant for further processing into cladding for both our Butler and Lysaght businesses. Historically, the coil packing materials that accompany the coils from Suzhou such as sleeve materials, lids and securing clips were treated as single use items, with limited recycling options.

In response to this challenge, the teams at both sites worked together to develop a process to reuse these packing materials. With appropriate quality checking and logistics established, the team determined packing materials, on average, could be reused three times before being discarded, reducing need for virgin raw materials and promoting a circular economy approach.



#### CASE STUDY

### NEW ZEALAND STEEL'S RESOURCE EFFICIENCY DELIVERS BENEFITS

Our Glenbrook steelmaking facility is exploring and applying reuse opportunities.

Twenty-five thousand tonnes of co-product generated was reused this year in a yard extension project, diverting waste from landfill for beneficial use and eliminating the need to purchase fresh fill material. Working with a local civil engineering contractor, the team assessed the suitability of the co-product for bulk fill applications with suitable environmental controls. This application frees up the area around the metal recovery plant, increases the site's hot rolled coil storage capacity, and provides further environmental savings in reduced need for virgin raw materials, reduced transportation of fill materials and minimising movement of hot rolled coils.

Glenbrook also reuses around 490 tonnes per year of crushed end-of-campaign refractory brick to line the ladles which receive molten steel, extending ladle life and diverting material from landfill for beneficial use.



#### Governance

Each business unit reports quarterly to the ELT on progress in implementing HSE plans, initiatives and performance. All reported HSE data is audited in line with our integrated risk management approach (see page 67).

The ELT has other significant HSE responsibilities, including reviewing HSE strategy, risks and governance processes for the Group based on regular updates from the Corporate HSE leadership team. This team, as well as specialists from across the business, undertakes HSE audits in accordance with our assurance framework.

In recognition of the importance of this area to BlueScope, the HSEC Committee comprises all members of the Board. The Committee fulfils responsibilities in relation to the oversight of HSE matters and community impact. Relevant HSE data is also presented to the Risk and Sustainability Committee of the Board.



HSE performance data is detailed in our [FY2022 Sustainability Data Supplement](#), available at [bluescope.com](#)

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TOPIC

# Culture and capability



OUR VIEW

We are seeing the benefits that a diverse and inclusive culture is bringing to our workplaces. We are committed to creating a safe, healthy and inclusive workplace that values diversity, inspires creativity, supports capability and reflects the communities where we operate. We strive to achieve a workplace where everyone feels valued, has a sense of belonging, and can contribute in a meaningful way to our Company.

## Highlights

- » Engaging on our First Nations Framework in Australia
- » Renewed training for our Code of Conduct, *How We Work*
- » Maintained our gender balance ratio for our Board and Executive Leadership Team in line with our 40:40 Vision
- » 41 per cent of BBNA recruits have identified as ethnically diverse
- » Begun to embed our strengthened leadership capability framework
- » Launched global learning platform, with pilot capability frameworks for specific technical areas.

## Future focus

- » Deliver on short and long-term strategic business needs through developing a global Talent Management Strategy
- » Embed our common global platform for knowledge capture and learning, and actively drive a culture of self-directed learning
- » Embed employee resource groups to facilitate connection and support for diverse needs of our people
- » Increase the representation of women in all roles, including operator/trade, management and leadership
- » Launch an employee value proposition that showcases BlueScope's strengths as a culture and people driven organisation.

## Activating Our Purpose

How we operate is guided by Our Purpose and underpinned by Our Bond. This informs our overall approach to how we engage with our people, communities and customers to achieve positive and sustainable outcomes. We have put in place key structures to nurture and support our culture, and to facilitate the ability of our people and partners to contribute to Our Purpose and Strategy in ways that are fully aligned to our Code of Conduct, *How We Work*.

We understand that continuous focus, and the ability to adjust to feedback, is needed to understand what is working and not working in how we operate. We continue to establish training requirements, on-boarding practices and leadership expectations to promote positive behaviour and reinforce Our Bond.





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## Inclusive culture

We seek to create an inclusive culture where all people feel valued and included at work. We continue to build on our strong foundations of inclusive policy and practices. We know that a diverse workforce and inclusive culture create a competitive advantage, leading to sustained business success and make BlueScope a better place to work. This is why we position inclusion and diversity as a strategic enabler, integrated and embedded within core business processes and activities. We measure our success in driving culture, connections, and impact in five focus areas (see table on the right).

The case studies provided on pages 32 and 33 demonstrate how this strategic approach is practically applied to suit local community needs, resulting in a demonstrable positive impact.

We have continued to build a workforce which reflects the diversity of the communities in which we operate. While recruitment has been extremely challenging due to low unemployment, high job vacancies (particularly in the United States) and the continued effect of the pandemic across our footprint, it remains a key vehicle for improving gender balance. The chart below illustrates our progress, including in the leadership pipeline and our operations workforce. This year we increased our overall percentage of women in the workforce to 24 per cent and maintained our gender balance ratio for our Board and ELT in line with our 40:40 Vision.<sup>10</sup>

### WOMEN IN BLUESCOPE (%)



<sup>10</sup> 40:40 stands for 40% women, 40% men and 20% any gender.

<sup>11</sup> Executives include all employees who have an Executive contract (CEO -1, -2, -3).

We are seeking opportunities across our business for under-represented groups in the communities where we operate. Our focus includes people with a disability in Asia, First Nations people in Australia and New Zealand and ethnicity in the US.

In Australia, we have developed an Indigenous engagement strategy through our First Nations Framework, which sets out our unique approach to co-designing initiatives to work towards growing and supporting the representation and empowerment of First Nations people within our supply chains and communities. The National Indigenous Australians Agency is supporting our Australian business by offering a representative to develop First Nations employment and procurement strategies. Workshops with key stakeholders are underway in the Illawarra region to explore these opportunities. The Jawun Indigenous Partnership has returned to on-Country six-week secondments, offering employees the opportunity to work with Indigenous community organisations in Central Australia.

As part of its commitment to building partnerships with local Iwi (Māori tribes or kinship groupings), New Zealand Steel is engaging with Iwi members to connect, collaborate, and participate in cultural practices where appropriate. Read more in our case study on page 33.

## GLOBAL TRENDS IN EMPLOYEE CARE AND CONNECTION

Consistent with global trends, the experience of the pandemic has created a number of challenges and opportunities for BlueScope in the following areas; remote workforce and flexibility, supporting a multigenerational workforce, supporting employees' mental health, attraction and retention of under-represented groups, employee value proposition, and broadening strategies beyond gender.



See our Inclusion and Diversity Policy and read more about our current performance in our FY2022 Corporate Governance Statement at [bluescope.com](https://www.bluescope.com)

## OUR INCLUSION & DIVERSITY STRATEGIC APPROACH



### Safe to speak up

Reinforce a safe environment for all workers on our sites to speak up, be heard and feel welcome



### Grow and support under-represented

Grow and support under-represented groups throughout all levels of the organisation and drive beyond gender initiatives



### Community partnerships

Engage in community partnerships that generate positive social impact



### Inclusive leadership

Continue to build inclusive leadership capability and employee connection



### Measure our progress

Analyse data and metrics to prioritise efforts and track improvement

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#### CASE STUDY

### BUILDING RELATIONSHIPS WITH INDIGENOUS AUSTRALIANS

During this year's National Reconciliation Week, a number of BlueScope employees at Port Kembla Steelworks participated in Cultural Awareness training, including the opportunity to participate in yarning circles with local Elders from the Illawarra Aboriginal Corporation.

Elder Uncle Richard asked participants to listen and seek to understand, but only if they are genuinely interested in learning about aboriginal culture, practices and history.

This cultural awareness training is one of the first steps Australian Steel Products is taking to understand more about building relationships with Indigenous Australians, and developing the initiatives which will form the basis of its First Nations Framework.



Read our First Nations Framework for our  
Australian business at [bluescopeillawarra.com.au](https://bluescopeillawarra.com.au)



#### CASE STUDY

### PRACTICAL STEPS TO BUILD AWARENESS AT BLUESCOPE MEXICO

Recognising that nearly six per cent of Mexican people have a disability, and of that population nearly 16 per cent are hearing impaired, employees at BlueScope Buildings Monterrey had the opportunity to explore Mexican Sign Language and so better understand some of the challenges faced by people in their community. The workshops addressed the importance of inclusion and diversity in the workplace, how to develop effective diversity training programs, using inclusive language and the legal considerations to be taken into account.

Building on these lessons, the Monterrey team is seeking more opportunities to recruit people with a disability, and to have effective plans and programs in place to support diversity at all levels.



**“I thought each session was really good, it enabled us to reflect and identify areas where we can do more. I think it really helped us to understand what equity, diversity and inclusion means to us – as individuals, a team and as an organisation, it feels like we’ve taken the first few steps in our journey to becoming more inclusive together.”**

**Juan Leal, Plant Superintendent, BlueScope Buildings Monterrey**



#### CASE STUDY

### DIVERSITY AMBASSADORS CHAMPION INCLUSION IN NORTH AMERICA

BlueScope Buildings North America has engaged Diversity Ambassadors across their sites to advocate and champion inclusion in the workplace. The Ambassadors come together each month to share ideas and collaborate on themes that employees are passionate about or challenges they face in their communities. This has resulted in monthly themes highlighted at each site, such as celebrating ethnic group days and

understanding challenges for work in the wake of the pandemic. Plans are now underway for a conference to bring together all Ambassadors, with representatives from across the business to hear from keynote speakers and learn and understand best practices for achieving an inclusive and diverse workplace.

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#### CASE STUDY

### CREATING FLEXIBLE AND INCLUSIVE WORKPLACES

A number of initiatives are helping increase the number of women at BlueScope. For example, New Zealand Steel is focusing on recruitment to operator and trade roles, which make up 70 per cent of the workforce. A trial underway engages operators in recruitment and selection, thus offering them leadership opportunities, giving candidates a more realistic view of the job, and supporting inclusion and retention. In addition, interviews with women who have recently left BlueScope are helping understand

the retention challenges to be overcome, including the need to improve physical workplace conditions, encourage a more inclusive culture and provide more family-friendly hours of work and other arrangements.

Meanwhile, Australian Steel Products has identified six ways to help open up leadership roles to women: setting targets, focussed recruitment strategies, heightening the visibility of potential female leaders, targeted initiatives for advancement into senior roles, access

to appropriate development opportunities, and providing the right support at career transitions points. 'New-starter' check-in conversations support retention, and improvements to the hiring manager process emphasise the importance of transferable skills. In addition, a pilot group will participate in a women's leadership development program, and plans are underway to support key talent through senior leader sponsorship



**"I would say I'm really, really lucky, I know that not everyone can work part-time and have a job-sharing arrangement. Flexible hours and working arrangements are great for my family."**

Jessica Halim, New Zealand Steel  
Production Technologist.



#### CASE STUDY

### FORGING CLOSE TIES WITH MĀORI COMMUNITIES

At New Zealand Steel, collaborating and working with the local Māori community provides opportunities to raise awareness of Māori culture. Piki Jakeman has been appointed as a Culture Advisor, a tangible example of our commitment to actively strengthen our relationship with the local Iwi who have strong spiritual, genealogical, cultural and customary bonds to the land. The appointment opens up new opportunities to foster and develop more inclusive practices and understanding of Māori culture, including celebrating Māori Language Week, a nation-wide annual initiative to encourage New Zealanders to promote the use of Te Reo Māori ('the language of Māori'), which, along with New Zealand Sign Language, is an official language of

the country. These celebrations allow employees to embrace their understanding of the Māori language, including attending cultural workshops. Such initiatives provide a foundation to develop new programs and initiatives for further collaboration and partnerships.



**"I was appointed cultural advisor to the company representing the interests of Mana Whenua/Ngāti Te Ata and the Māori Community. This has been by way of a more meaningful approach through cultural safety and cultural appropriation. It has been a most welcomed movement forward for Te Ao Māori and has enabled us to grow the company culture by participating in annual events such as Te Reo Māori Week, Matariki celebrations, local history and basic Te Reo Māori."**

Piki Jakeman, Cultural Advisor, New Zealand Steel.

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## Employee experience


It is important for our people to be able to give their opinions and ideas on how we can continue to make BlueScope a great place to work. This helps us build and shape our workforce culture to ensure we are offering people inclusive and meaningful work experiences. We conduct regular Pulse Surveys to understand our employees' views and opinions on key topics related to working at BlueScope. All BlueScope employees are invited to participate, with insights from the survey used to inform both global and local activity planning on employee experience, engagement and growth. We also benchmark these results to external organisations globally with our survey platform provider and review the results by key demographics.

In FY2022, we gathered Pulse insights on sustainable engagement, creating a safe and inclusive workplace, facilitating growth and learning, encouraging innovation and new ideas, and alignment to BlueScope's Code of Conduct, *How We Work*. As a result of the Pulse Survey feedback, and in line with our employee engagement objectives, we have increased our focus on learning and development through a new global learning platform and a new approach (see *Learning at BlueScope*) and enhanced our focus on leaders and our expectations of them through the continued implementation of the global *Leading at BlueScope* framework.

Following the launch of Our Purpose in FY2021, we have commenced a global Employee Value Proposition and Employer Brand research program. After an initial Australian pilot, we have conducted qualitative research in Singapore, Vietnam, Malaysia, Indonesia, Thailand, China, North America and New Zealand to understand employees' needs and perceptions. The research included in depth interviews with external recruiters and focus groups with new employees as well as potential candidates (professionals and operators). The next phase of the project includes building these insights into various streams of work across BlueScope to ensure we continue to optimise and strengthen our brand and the employee experience.

## Organisational capability

We aim to develop a culture of learning that encourages employees to be the best they can be through learning, connecting, sharing and receiving regular feedback on what they are doing well and where they need to develop. Our focus is to develop the capability of our people to deliver on the BlueScope strategy. This involves having leaders with the strategic capability to move us forward and the operational excellence to deliver to today's customer and community needs. We are transforming our workforce to meet the needs of our customers and shareholders, with innovation and digital transformation playing a key role in future proofing the business.

 [Read more about how we are investing in building skills to achieve our transformational objectives on page 21.](#)

## Leading at BlueScope

Developing talented BlueScope leaders is vital to our aspiration of 'creating strength.' We aim to continually develop our leaders using data driven talent insights, practical experience and a commitment to continuous learning. The focus of our leadership development is twofold; to deliver to customer needs today while ensuring an eye to the future.



BlueScope employees in Suzhou, China, took part in workshops to learn how to recognise and eliminate unconscious bias.

This year we set the capability expectations of our leaders through our *Leading at BlueScope* framework. Through this framework we are building a common language in our organisation that represents what it means to be a BlueScope Leader.

### Our framework has four components:

#### Culture

Placed at the centre of leadership.

#### Potential & Aspirations

A growth mindset and willingness to lead.

#### Competency

The nine competencies critical for delivery of our Strategy.

#### Technical Skills & Experiences

A foundation for contributing as a leader.

This framework informs and underpins our activities related to leadership assessment, appointment, development and succession planning.

In practice, we set personal objectives for all people, that help them build capability and experience. A cohort of senior leaders, considered to be critical for both current activities and for BlueScope's future, has been identified through a calibration and assessment process based on the *Leading at BlueScope* framework. We have assisted them to prepare active development plans which have, in turn, been shared with their individual managers to demonstrate BlueScope's ongoing commitment to them.

This year we have focussed on embedding the framework in our assessment process for leadership appointments. Over the coming year we will look to broadly increase leadership capability against this framework through formal development programs and day-to-day experiences.

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## Learning at BlueScope

We seek to continually create learning opportunities and experiences that help our people develop new skills.

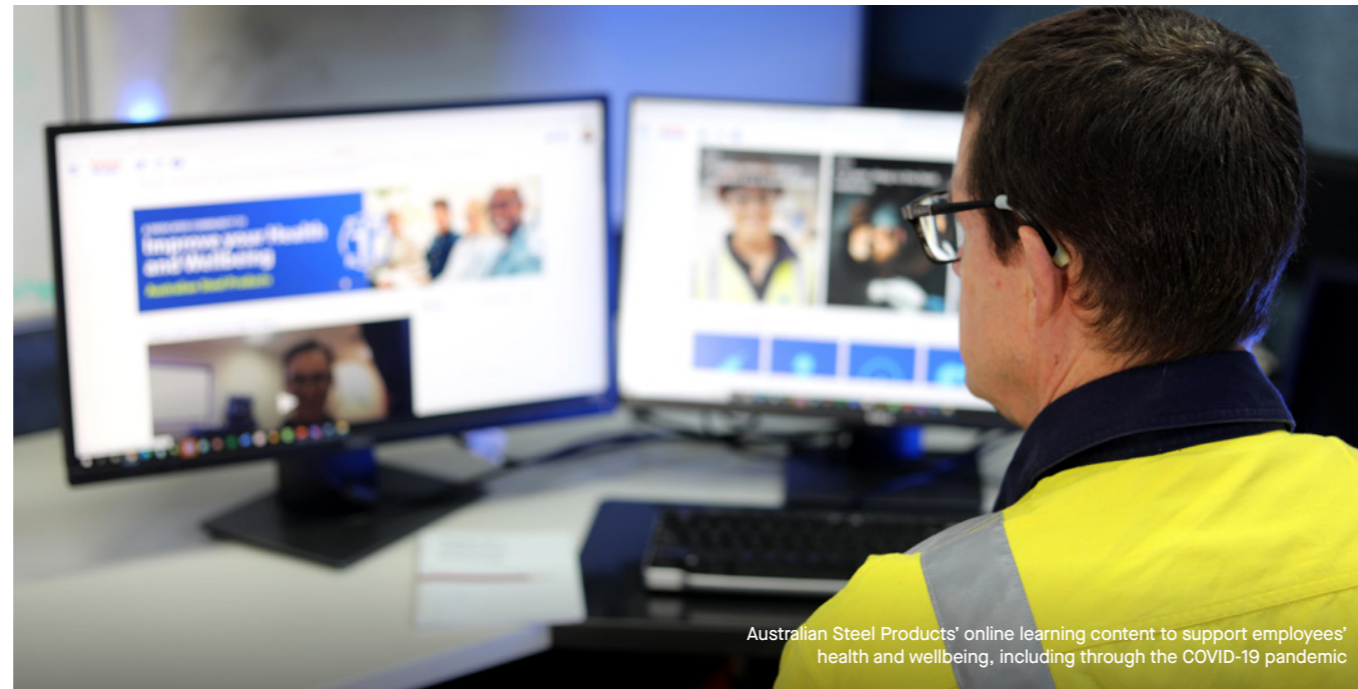
Digital transformation is creating learning pathways to develop the capability of our people. In our FY2021 Sustainability Report, we introduced our intention to implement a global learning experience platform, a first for BlueScope. In addition, for generic whole of business content on particular topic areas such as Our Code of Conduct, *How We Work*, our new learning platform enables our people to manage their own development. It does this through access to BlueScope content that enables them to contextualise their skills and experience to the BlueScope Strategy and environment; and through content specific to our industry and performing work at BlueScope that focuses on building the technical capability needed to deliver on Our Purpose. We have also recently partnered with global providers, and integrated this into our learning platform, to provide external learning content to our people.

## Some examples of this in practice include:

Our **Australian Steel Products** business established a structured set of content focussed on health and wellbeing with the aim of empowering people to improve their physical and mental wellbeing and support people through the impacts of COVID-19 (pictured)

**New Zealand and Pacific Islands** has implemented a range of front line leader content to develop capability in managing teams on a day-to-day basis

**BlueScope Building North America** has created learning pathways for teams to develop skills in key interpersonal areas such as communication, influencing and team leadership.



Australian Steel Products' online learning content to support employees' health and wellbeing, including through the COVID-19 pandemic

## Governance

Accountability for organisational capability sits with our Chief Executive People and North American Development, with progress reported quarterly to the ELT.

The Head of Organisational Development reports to the Chief Executive People and North American Development. This role is accountable for determining the people practices that build capability of both individuals and the organisation as a whole. This role works with local business unit people teams to ensure these practices are being implemented in a business relevant way and are delivering the required outcomes.

The Global People Leadership Team is made up of each of the business unit people leaders and each of the global functional people leaders. It is chaired by the Chief Executive People and North American Development. The role of this team is to govern the people agenda for BlueScope determining the overall people strategy, the yearly deployment plan and progress against this. It is also the role of this team to ensure that we achieve people practices that balance both the need for leading edge practices and the need for business relevance to achieve outcomes that benefit the performance of the overall organisation for today and tomorrow's needs.

The Board has delegated responsibility to the Remuneration and Organisation (ROC) Committee to review issues pertaining to organisational capability. Certain topics are presented annually to the Board.



Read more about how we build connections through learning in *Transformation* on page 18, *Safety, health and environment* on page 23 and *Strong communities* on page 60.

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## TOPIC

# Social impact and human rights



## OUR VIEW

**Recognising the increased focus on social responsibility to our people, workplaces, and communities, we are working to increase our positive social impact and help prevent or mitigate adverse impacts on human rights in which we may be involved.**

## Highlights

- » Impact assessment completed for own operations, which has informed our priority areas and actions
- » Introduced our People and Payroll Governance Framework which strengthens our first- and second-line accountability for working hours, wages and benefits, and culture
- » Completed a series of Modern Slavery Roundtable discussions for all BlueScope senior leaders, and conducted business unit workshops on specific country risk areas (~200 employees participated in these sessions).

## Future focus

- » Continue to strengthen our social impact due diligence process, including awareness and education
- » Review our priority areas and risk assessment
- » Deploy targeted worker surveys at our own sites to measure the motivation, sense of wellbeing and general health check of all workers on our sites. The results will be used to identify areas for improvement and re-engage with the workforce following the challenges of the pandemic
- » Develop our remedy approach.

## Social impact approach

We are focussed on protecting human rights across our business, and we are committed to driving positive social impact and to mitigate adverse impacts in our operations and through our supply chain.

We are working to ensure our business activities and practices are aligned with the UN Guiding Principles on Business and Human Rights and believe all people should be treated with dignity and respect.

BlueScope is committed to an integrated approach to managing key risks, including our modern slavery risks. We aim to have a proactive risk culture, ensuring a balanced approach to managing uncertainty in the delivery of strategic and commercial outcomes.

Through due diligence and an appropriate remedy and governance process we aim to identify, assess, remedy and track adverse impacts on human rights in which we may be involved, and are committed to building leadership awareness and capability on identifying these issues.

We updated our Human Rights Policy this year to reflect the maturity in our journey, and broadened the scope of 'Our Partners' to include all stakeholders that we do business with.

We also introduced our People and Payroll Governance Framework which strengthens our first- and second-line accountability for working hours, wages and benefits, and culture. The Framework covers the roles, responsibilities, systems and processes for controlling people and payroll information within BlueScope and seeks to set the benchmark and standards for all BlueScope businesses.



**We are committed to identifying, assessing, and taking action to mitigate the potential modern slavery risks in our operations and supply chain. Read more in our FY2022 Modern Slavery Statement, available at [bluescope.com](https://bluescope.com)**



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## Due diligence process

Our Social Impact Steering Committee facilitates BlueScope's human rights due diligence process. Working in consultation with internal and external stakeholders, we seek to identify actual or potential risk areas and create meaningful and effective action in addressing modern slavery and other social impacts within our business and in our relationships with others.

This year the Steering Committee completed an internal assessment to identify any adverse or potentially adverse impacts arising from our business operations, products and partnerships. Our assessment was done against the same principles and criteria we apply for supplier assessment, ensuring we hold ourselves to a consistent level of governance and performance. The first assessment identified five priority risk categories which have formed the basis for our actions this year and our plans for future activity:

- » **Hours of work** – reasonable limitation of working hours and paid holidays
- » **Wages and benefits** – accurate and timely payment
- » **Forced labour** – presence of activities which create control over a workforce
- » **Grievance mechanisms** – accessibility of mechanisms for employees, labour hire and contractors
- » **Harassment and abuse** – prevention of and response to harassment in the workplace.

Following the global assessment, we have engaged leaders and employees across our business through awareness and education programs. We have completed a number of important initiatives that build on existing processes, or to scale up additional governance processes to address gaps in current practice. We are also updating policies and guiding documents to ensure these areas are aligned to Our Purpose and Our Code of Conduct, *How We Work*.

During FY2022, we did not identify any modern slavery or other serious labour exploitation in our operations or supply chain. 94 employee grievances (which related to bullying, discrimination, harassment, sexual harassment, and inappropriate workplace behaviour) and 37 business conduct matters were received via the Speak Up channel.

In FY2023 we plan to strengthen the social impact due diligence process and grievance mechanisms across our business for all workers (including labour hire and contractors), ensuring they are accessible, predictable, equitable, transparent and promote continuous learning, and are based on engagement and dialogue. The Steering Committee will regularly review the risk categories in our impact assessment and take action on new information as appropriate.

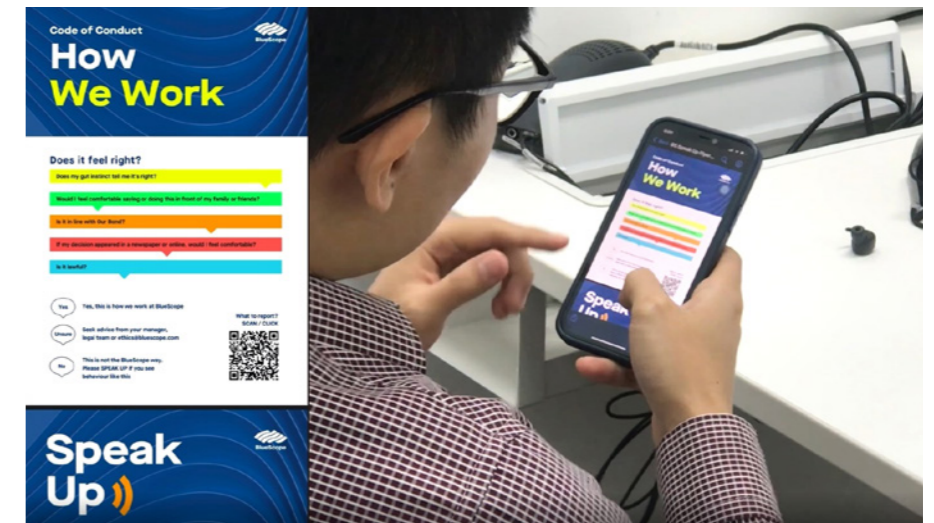


### CASE STUDY

## SPEAK UP CHAMPIONS IN ASEAN

NS BlueScope ASEAN launched a Country Compliance Champions program this year to encourage and support open and safe conversations for our people to Speak Up when something does not feel right. Our six local Champions advocate for inclusive and safe workplaces and provide a safe avenue for employees to seek support from a peer they can trust, where cultural factors may otherwise play a part in not wanting to raise a concern. The Speak Up program was highlighted in a virtual ASEAN meeting during the year.

The introduction of the Champions has been crucial in the past year during the pandemic when leaders have not been able to walk the line and engage with employees. The notable increased use of Speak Up channels provides a strong indication of the shift and willingness of employees to Speak Up and be comfortable to ask questions and share concerns.



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## TOPIC

# Climate change and energy transition



## OUR VIEW

**Climate change is a global issue that requires transformation across all sectors of the economy. We believe that steel will play a critical role in the transition to a low carbon economy and that unprecedented collaboration will be required. Our integrated approach to climate change, GHG reduction and our role in exploring emerging decarbonisation opportunities strengthens our outlook for our business, our people, our communities and our partners.**

## Highlights

- » Progressed key projects on hydrogen electrolysis and breakthrough ironmaking technologies in collaboration with value chain partners
- » Secured approximately \$900,000 ARENA grant to work with the University of Wollongong to investigate decarbonisation options at the Port Kembla Steelworks
- » Committed NZD750,000 over three years to accelerate the development of a pilot-scale plant which uses green hydrogen to produce iron from local New Zealand ironsands
- » 3.6 per cent reduction in steelmaking GHG emissions intensity, and 3.7 per cent reduction in non-steelmaking GHG emissions intensity since FY2018 (the baseline for our 2030 targets)
- » Launched BlueScopeX™ to make small-scale, early-stage investments in the fields of steel decarbonisation and energy efficient buildings.

## Approach

Climate action is key to Our Purpose and is core element of our Strategy; we commit to actively addressing climate change and investing in GHG emissions reduction to transform BlueScope for long term success. See our 2030 GHG targets and net zero 2050 goal on page 40.

Our Capital Allocation Framework includes an initial allocation of up to \$150 million to support climate projects and initiatives over the next five years to help deliver on our mid-term commitments and make progress on our longer-term decarbonisation pathway. This is part of an estimated \$300 million to \$400 million of climate capital requirements over the next 10 years.

This year we progressed a range of climate-related projects through the capital allocation process; NS BlueScope Malaysia's solar generation project and NZPI Glenbrook's Accretion Hot Crush re-use project were approved for execution, and Port Kembla Steelwork's Electrolyser Pilot Project progressed to a feasibility assessment. Read more on page 41.

## Future focus

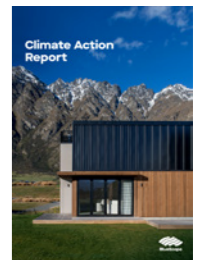
Continue to:

- » Optimise our existing processes
- » Work towards achieving our 2030 targets and net zero 2050 goal by exploring medium and longer-term decarbonisation options<sup>12</sup>
- » Progress and further investigate opportunities to work with value chain partners on emerging and breakthrough technologies
- » Progress Government co-investment opportunities
- » Innovate to provide smart steel solutions to meet customer expectations
- » Assess and evolve our response to potential climate impacts on our business.



## BlueScope's Climate Action Report

**BlueScope's Climate Action Report was published in September 2021 and is available at [bluescope.com](https://bluescope.com)**



Our FY2022 Sustainability Report provides an update on the execution of our climate strategy. See how our disclosures align to the requirements of the Task Force for Climate-related Financial Disclosures (TCFD) in our FY2022 Sustainability Data Supplement, available at [bluescope.com](https://bluescope.com)

<sup>12</sup> Achieving our 2050 net zero goal is dependent on several enablers including the commerciality of emerging and breakthrough technologies, the availability of affordable and reliable renewable energy and hydrogen, the availability of quality raw materials and appropriate policy settings.

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SET A GOAL FOR:

## NET ZERO

GHG emissions across our  
operations by 2050<sup>13</sup>

SET TARGETS FOR:

### 12%

GHG emission intensity reduction by  
2030 for our steelmaking activities<sup>14</sup>  
(based on 2018 levels)

### 30%

GHG emission intensity reduction by 2030  
for our non-steelmaking activities<sup>15</sup>  
(based on 2018 levels)

INITIAL ALLOCATION UP TO

## \$150M

Capital for climate projects and  
initiatives over the next 5 years

<sup>13</sup> Our net zero goal covers BlueScope's scope 1 and 2 GHG emissions. Achieving our 2050 net zero goal is dependent on several enablers, as outlined on page 42.

<sup>14</sup> This target translates to a target of 1% year-on-year emissions intensity reduction (from the 2018 baseline) across our steelmaking sites.

<sup>15</sup> The non-steelmaking target applies to our midstream activities that include our cold rolled, metal coating and painting lines and long and hollow products. It excludes our downstream activities. Refer to the Glossary section of the FY2022 Sustainability Data Supplement.

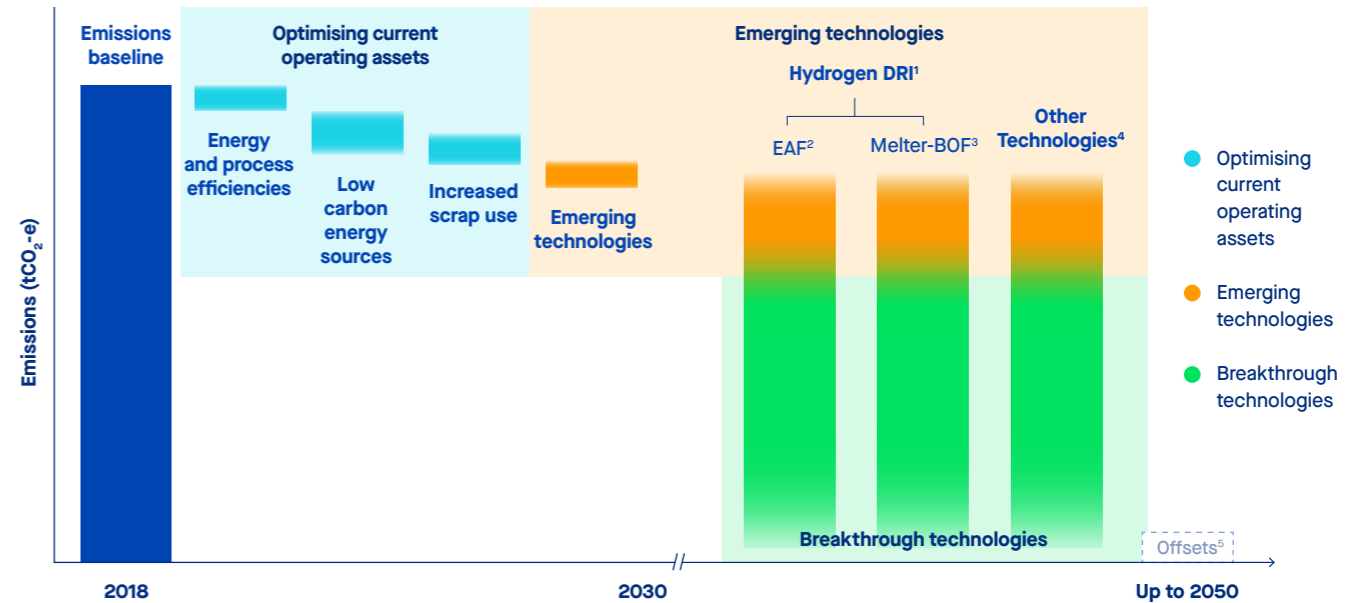
## Delivering on our decarbonisation pathway

Our decarbonisation pathway (illustrated below) outlines the steps we plan to take to meet our 2030 GHG targets and net zero 2050 goal. Our FY2022 progress is outlined on pages 41-46.

In the near to mid-term, we are **optimising current operating assets** across our portfolio. As we work to achieve our 2030 steelmaking target, we are optimising energy and process efficiencies across our steelmaking assets seeking to improve raw material efficiencies and explore new technologies including natural gas lances for scrap melting and coke oven gas and hydrogen dual injection into the blast furnace. We are exploring the use of affordable and reliable low carbon energy sources and process efficiencies at our midstream sites to achieve our 2030 non-steelmaking target.

### OUR INDICATIVE DECARBONISATION PATHWAY

Details of each technology option in the chart below is outlined in the following section.



<sup>1</sup> Contingent upon feasible supply of hydrogen from renewable sources.

<sup>2</sup> Requires suitable high-grade ores, estimated at less than 15% of available ores and access to cost-effective energy sources.

<sup>3</sup> For Melter-BOF, DRI-melter replaces the blast furnace. Maintains existing BOF and caster infrastructure, and allows a wider range of ores to be used.

<sup>4</sup> Other technologies include CCUS, electrolytic reduction, etc.

<sup>5</sup> Direct abatement of GHG emissions is our primary course of action, however we recognise that carbon offsets may need to play a complementary role in meeting customer expectations for low embodied emission products, and our net zero 2050 goal, where direct abatement is not technically or commercially feasible.

For the longer term, we are exploring and collaborating to pursue **emerging and breakthrough technologies** to work towards our 2050 net zero goal. While critical technologies that will help to enable net zero GHG emissions in the steelmaking sector are generally still at an early stage of technical and commercial readiness, BlueScope recognises the need to identify the most promising technology opportunities and build these options into our abatement plans, so they can be adopted once they are feasible. We will continue to explore these prioritised opportunities through our capital allocation and planning processes, ongoing research and discussions with industry collaborators and partnerships with R&D organisations.

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## Optimising our current assets

We continue to make good progress towards both our 2030 steelmaking and non-steelmaking targets (see page 40) through the application of energy and process efficiencies, introducing low carbon energy sources where commercially viable and increasing our scrap use. Importantly, where possible we are seeking ways to install flexibility in current assets in preparation for emerging and breakthrough technology, such as hydrogen injection into our blast furnace.

### Energy and process efficiencies

We continue to optimise our use of raw materials and improve our material recycling and process operations, particularly through our digital transformation program (read more on pages 18-21).

At Port Kembla, we are testing the opportunity to re-use process gases to further reduce our externally sourced energy, through the installation of equipment such as a top recovery turbine or dual injection into the blast furnace tuyeres. We have developed a carbon digital twin model to assist the evaluation of the GHG abatement potential of prospective plant modifications, projects and technologies on site. This model forecasts expected gas and energy flows under different operational scenarios, optimising process efficiencies to enable increased scrap melting capability at the Basic Oxygen Furnace and help site engineers to optimise operations.

At Glenbrook, we are exploring opportunities to further capture and reuse process gases and have commissioned new online equipment to crush and recycle hot accretion materials directly in the production stream to increase carbon efficiency and iron yield.

Our Western Sydney Service Centre's heat recovery project won the 'Best industrial energy management project 2022' at the Australian National Energy Efficiency Awards in May 2022. The Award recognised improvements made to optimise natural gas usage and heat recovery to the continuous paint curing line, reducing the site's annual gas use by around 20 per cent (over 23,000 GJ per year).

## Low carbon energy sources

We continue to progress the development of regional strategies to reduce our Scope 2 GHG emissions by increasing our procurement of renewable and low GHG emissions energy sources where commercially viable. Our North Star operation benefits from nuclear power as part of the local grid mix while our Australian Steel Products business benefits from existing initiatives such as the Australian Power Purchase Agreement with the Finley Solar Farm.

Our Glenbrook steelmaking facility benefits from a largely decarbonised electricity grid however continues to explore renewable energy options as a means of reducing costs and further reducing Scope 2 GHG emissions.

Our non-steelmaking facilities are examining the potential for further electrification of midstream processes combined with higher renewable energy use. We have multiple solar projects underway across our operations in Australian Steel Products (Albury, Wangara and Bomaderry) and Tata BlueScope Steel (Coated Steel Products Jamshedpur). NS BlueScope Malaysia has commenced construction of its Sunfield solar farm in Kapar (pictured below), which will have over 9,400 photovoltaic panels and is expected to reduce emissions by 16 per cent, equating to approximately 4,700 tCO<sub>2</sub>-e per annum.



## Increased scrap use

We continue to pursue opportunities and technologies to increase the proportion of scrap used in our iron and steelmaking operations in Australia, New Zealand and North America.

Port Kembla conducted a scrap melting concept study this year, assessing 14 methods for increasing scrap usage and recommending one option to progress to pre-feasibility.

We have invested in North Star's long-term supply of steel scrap with the establishment of BlueScope Recycling and Materials this year, through the acquisition of the MetalX ferrous scrap steel recycling business in December 2021. Read more about our acquisitions in *Business strength and resilience* on page 17.

When completed, the expansion of our North Star EAF steelmaking facility is estimated to increase BlueScope's overall scrap use as a percentage of steel production to over 50 per cent.



**Read more about the role of scrap in addressing climate change and industry transformation in *The future of steel* on page 10.**

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## ENABLING NET ZERO

We acknowledge that achieving our 2050 net zero goal is highly dependent on a range of key enablers that are shared across multiple sectors and stakeholders, including industry, governments, research and academic institutions, customers and communities. This means that the solutions to progress these enablers will require collaboration and shared expertise, which will drive our enthusiasm and energy to work with others, advocate for change where we believe it is required and, importantly, play our part where we have scope to influence and shape the future.



### Technology evolution

Evolution of emerging and breakthrough technologies to viable, commercial scale



### Renewable energy

Access to affordable, firm renewable energy



### Hydrogen availability

Availability of appropriate volumes of affordable hydrogen from renewable sources



### Raw material supply

Access to appropriate quality and sufficient quantities of raw materials



### Policy support

Policy that supports decarbonisation investment & avoids carbon leakage

## Pursuing emerging and breakthrough technologies

The development of emerging and breakthrough technologies to commercial scale is crucial to enable the transition to lower or zero emissions iron and steelmaking. Collaboration is essential, to draw on the expertise and scale across the steel value chain, as well as other industrial sectors.

This year we announced significant collaboration agreements with key supply chain, government and academic partners to progress breakthrough technologies for low carbon steelmaking.

### Emerging technologies and process route evolution

We are actively exploring technologies that are emerging as alternative, lower emissions options for steelmaking, and applying these options to the specific local context for our steelmaking operations.

**New Zealand steelmaking pathway** – We have further developed decarbonisation plans for our New Zealand steelmaking facility, where we are actively evaluating our technology options.

**Biochar** – BlueScope is working with the University of Wollongong and the Future Fuels Cooperative Research Centre on a study to investigate decarbonisation options at the Port Kembla Steelworks. The organisations are also collaborating on a project to trial biochar's potential to replace some of the pulverised coal injected into the blast furnace as part of the ironmaking process, reducing GHG emissions intensity. The project received funding from the Australian Renewable Energy Agency (ARENA<sup>16</sup>) as part of ARENA's Advancing Renewables Program. The trial has commenced, with supplies of biochar secured and initial testing to be conducted at the Bulk Materials Engineering Australia's test facility at the University of Wollongong, followed by plant trials using different ratios of biochar mixed with pulverised coal in the No.5 Blast Furnace.

<sup>16</sup> The views expressed herein are not necessarily the views of the Australian Government, and the Australian Government does not accept responsibility for any information or advice contained herein.

## Breakthrough technologies

The development of breakthrough technologies to commercial scale will be crucial to enable the transition to lower or zero emissions iron and steelmaking. We are drawing on expertise across the steel value chain, and other sectors such as energy and transport, to enable the acceleration of breakthrough steelmaking technology options.

**Port Kembla** – At Port Kembla, we are investing in breakthrough technologies through a range of projects that are focused on various stages of the steel value chain, including:

- » **Researching and designing low-emissions processes and technologies for iron and steelmaking with our value chain partners.** We have commenced a concept study on producing low emissions iron through the use of Direct Reduced Iron (DRI) from Pilbara iron ores. The intention is to develop this DRI using green hydrogen, produced from renewable electricity.
- » **Installing and commissioning a 10 MW electrolyser,** as well as infrastructure to facilitate the use of hydrogen as a reductant in the blast furnace and, where appropriate, for blending with natural gas.
- » Collaborating with industry partners, research institutions and governments to **develop a 'hydrogen hub' in the Illawarra,** incorporating the 10MW electrolyser. Our vision is for a hydrogen ecosystem, supported by additional renewable energy infrastructure, that is shared across BlueScope and multiple sectors including heavy transport (road, rail and shipping), manufacturing (including renewable energy infrastructure and componentry) and hydrogen power generation.

**Glenbrook** – At Glenbrook, New Zealand Steel is collaborating with Wellington UniVentures (through Victoria University of Wellington) and the Robinson Research Institute on hydrogen ironmaking from local iron sands. This collaboration will accelerate the development of a pilot-scale plant which uses hydrogen instead of coal to produce iron from local New Zealand iron sands. New Zealand Steel has already been involved in developing the new technology and is now providing NZD750,000 over three years to accelerate the research.

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CASE STUDY

PORT KEMBLA STEELWORKS BLAST FURNACE RELINE

BlueScope expects that breakthrough steelmaking technology will continue to develop over the current and following decade, with significant take-up across the steel industry predicted into the 2040s. Given this timeframe, BlueScope is conducting a full feasibility assessment of a reline and upgrade of the currently mothballed No. 6 Blast Furnace (6BF) at Port Kembla.

A relined 6BF will secure BlueScope's domestic ironmaking needs from 2026. Importantly, the reline and upgrade project will provide a bridge to transition from current blast furnace technology to new and emerging low emissions technologies once available at commercial, viable scale.

The 6BF reline project scope is broader than a typical reline and the feasibility study will examine a comprehensive upgrade of the blast furnace facility and related infrastructure, including comprehensive technical and environmental upgrades. This includes improvements which are designed to deliver reductions in GHG emissions within existing blast furnace technology, as well as allow for the retrofit of other prospective GHG emission reduction technologies. Technologies proposed to reduce emissions within existing processes include the installation of a Top Gas Recovery Turbine to generate electricity, infrastructure to enable the use of alternative reductants, such as hydrogen-rich Coke Ovens Gas and renewable hydrogen, a Waste Gas Heat Recovery system and equipment re-design improvements (e.g. stoves) to reduce fuel consumption, and the optimisation of raw material inputs.

The project has been tested against BlueScope's five climate scenarios (see right), and we have undertaken extensive community consultation as part of the project. Read more about how we have engaged with a broad range of local stakeholders across the Illawarra region on page 64.



BLUESCOPEX™

This year we proudly launched BlueScopeX™, our new fund that will enable investments in small-scale start-up projects that are innovating in the fields of decarbonisation of steel and energy efficient buildings. This will provide BlueScope with early strategic insights and access to new technologies in areas that closely align with Our Purpose. Two initial investments have been made:






- » **Hysata** – a new process for hydrogen electrolysis, increasing the efficiency of hydrogen production (lower electricity requirement per kg) at reduced capital cost.
- » **Spectainer** – an Australian company seeking to address the inefficiencies of empty container relocation. Spectainer has designed a collapsible 40-foot container and automated collapsing process as a fast, safe and robustly scalable solution offering significant cost and Scope 3 emissions efficiencies throughout the value chain.



CLIMATE SCENARIO ANALYSIS

BlueScope undertook a detailed climate scenario analysis in FY2021, applying five scenarios that were developed to test the resilience of our business strategy and operations under different climate trajectories. The analysis presented in our Climate Action Report (available at bluescope.com) indicated that BlueScope can play an essential role in the transition to a low-carbon economy as the steel sector and global community take action to decarbonise.

Our scenario analysis will be refreshed at least every three years, in line with the key findings, projections and scenarios from the latest IPCC and IEA reports.

 Early green technology	 Customer-led transformation	 Two-speed world converges	 Investor and public persuasion	 Global inaction
~1.5°C	~2.0°C	~2.0°C	~3.0°C	~4.0°C

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## How we are engaging

Effective engagement with external and internal stakeholders enables us to deliver on our climate strategy and decarbonisation pathway. We prioritise our engagement activities on the key enablers for our 2050 net zero goal (see page 42), and engage and collaborate broadly to support and promote effective outcomes.

### Activating our people to deliver our decarbonisation pathway

Our facilities are complex and require skilled operation, so it is vital that we engage our people to draw on their expertise to develop and execute opportunities to decarbonise.

With the release of our 2030 non-steelmaking target in FY2022, we are supporting our business units to revise their GHG emission reduction plans to contribute to the overall BlueScope target. We have established a midstream collaboration working group to discuss avenues to optimise existing operations, share learnings, and to explore best available and emerging technologies.

To help achieve our 2030 steelmaking target, we have a dedicated focus group under the Climate Change Council's remit that meets on a regular basis to progress abatement pathways to help meet this target. This focus group tracks progress made against decarbonisation projects across each steelmaking site and potential avenues to further refine our decarbonisation pathway.

Our people are encouraged to participate in our environmental recognition program, implementing climate, energy and business improvement initiatives, documenting benefits and sharing lessons learnt across BlueScope to support our 2050 net zero goal. Read more in *HSE solutions to sustain our environment and keep us safe and well* on page 25.

## Industry collaborations and partnerships

We have continued to strengthen our collaboration initiatives to accelerate progress towards lower emissions iron and steelmaking, working with partners across the steel industry and value chain, other industrial sectors and with academic and research partners this year. Refer to examples outlined on page 42, and further information in our Climate Action Report, available at bluescope.com.

### Supportive policy for industrial decarbonisation

We engage externally to create awareness about the complexities of our sector's decarbonisation pathway and the interdependencies of energy, industry and trade policies in meeting our shared climate goals.

This year we continued to advocate for the future of domestic iron and steelmaking through direct engagement with government and through industry organisations. This includes ensuring policymakers understand that the decarbonisation of the steel industry will require an efficient transition to affordable and abundant firm renewable energy, with the right mix of energy policies needed to achieve this outcome. And that – in a world of uneven climate change policies – government support for investment in decarbonisation technology by the steel industry will be essential, until such time as these technologies become commercially viable. We also continue to advocate for the critical role that steel plays as part of renewable energy projects and supporting electricity transmission infrastructure, both of which are highly steel intensive.

BlueScope actively participates in the development of industry benchmarks and tools to support effective policy setting. We continue to participate and play a pivotal role in several initiatives to develop a consistent methodology and approach to report emissions performance and develop net zero pathways for the sector, including the Net Zero Steel Pathway Methodology Project (NZSPMP), ResponsibleSteel™ and the Science-Based Targets Initiative (SBTi). Read more in *The future of steel* on page 11.



### CASE STUDY

## EMPLOYEE ENGAGEMENT THROUGH OUR CLIMATE ACTION GENERATOR

In early FY2022 a Climate Action generator program was launched, open to all employees to volunteer their time and energy to generate ideas to help progress our climate strategy and decarbonisation pathway. More than 50 employees nominated to participate in an initial generator phase, working in groups to formulate and present proposals for consideration by a panel of BlueScope executives, with successful ideas progressing to an incubation stage, for more detailed development with a view to rolling out across the business.

Ideas included:

- » an 'emissions decelerator' data tool to equip local sites to submit small scale emissions reduction projects and monitor local emissions performance
- » improving the efficiency of our systems to maximise the availability of recycled steel
- » building stronger local employee involvement in climate action initiatives, helping our people to play a more proactive role in climate action.

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### CONTRIBUTING TO THE DEVELOPMENT OF SCIENCE-BASED TARGETS FOR THE STEEL SECTOR

The Science-based Targets Initiative (SBTI) is developing a decarbonisation approach for the steel sector that is aligned to the 1.5°C goal of the Paris Agreement. BlueScope is part of the Expert Advisory Group, which comprises technical experts who contribute to the development of methodologies and guidance for the steel sector to set science-based targets. Public consultation on the steel sector guidance is expected to occur in late 2022.

[Read more about how we work with others for sustainable outcomes in \*The future of steel\* on page 11.](#)



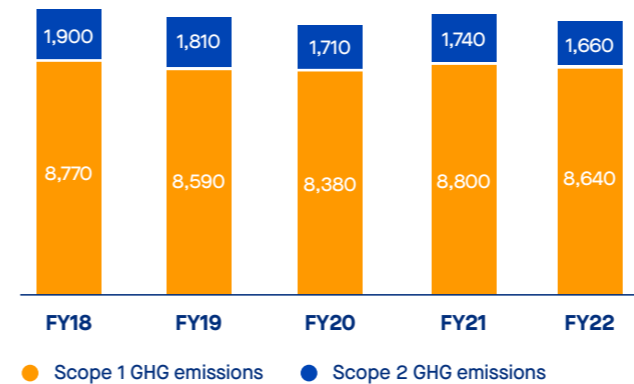
### FY2022 performance

Our iron and steelmaking activities across our three steelmaking sites (Port Kembla, Glenbrook and North Star) account for 92 per cent of our total Scope 1 and 2 GHG emissions; with mid-stream and downstream activities contributing to the remaining 8 per cent of our emission profile.

BlueScope's total Scope 1 and 2 GHG emissions over the last five years is outlined in the graph below. In FY2022 our total Scope 1 GHG emissions reduced by 1.8 per cent while Scope 2 GHG emissions decreased by 4.6 per cent compared to FY2021, on an absolute basis. This has been predominantly driven by emission and energy efficiency improvements implemented across our steelmaking sites.

We are still early in our Scope 3 reporting journey and have been open about our intent to continuously improve the accuracy of our reporting. Our FY2022 Scope 3 GHG emissions represent 52 per cent of BlueScope's overall emissions profile.

### BLUESCOPE'S GLOBAL TOTAL SCOPE 1 AND 2 GHG EMISSIONS



The largest contribution of our FY2022 Scope 3 GHG emissions came from the purchase of iron and steel, processing and use of our sold products, and upstream extraction and processing of raw materials.

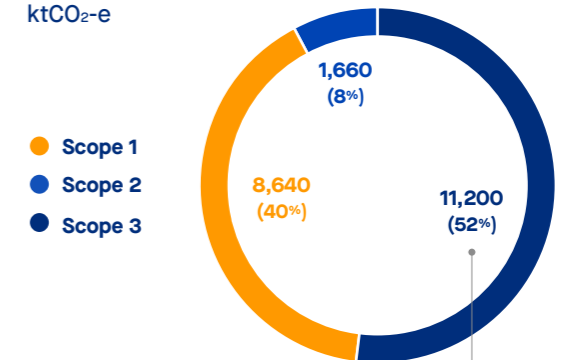
This year we received additional supplier-specific emission factors from a number of our suppliers which reflects our pathway to improving the accuracy of our Scope 3 inventory.



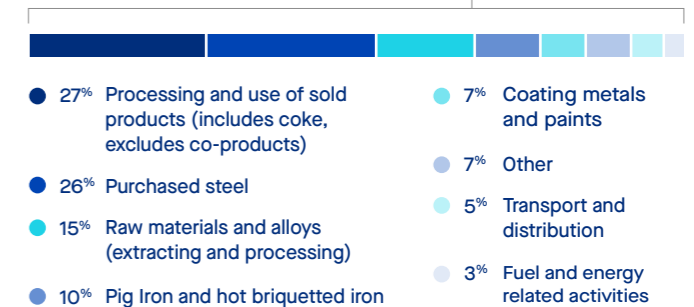
[Read more on our Scope 3 reporting journey, including data aligned to the 15 Scope 3 categories of the GHG Protocol in the FY2022 Sustainability Data Supplement.](#)

### BLUESCOPE'S FY2022 SCOPE 1, 2 AND 3 GHG EMISSIONS

ktCO<sub>2</sub>-e



#### Scope 3 categories and contribution



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## Performance against 2030 targets

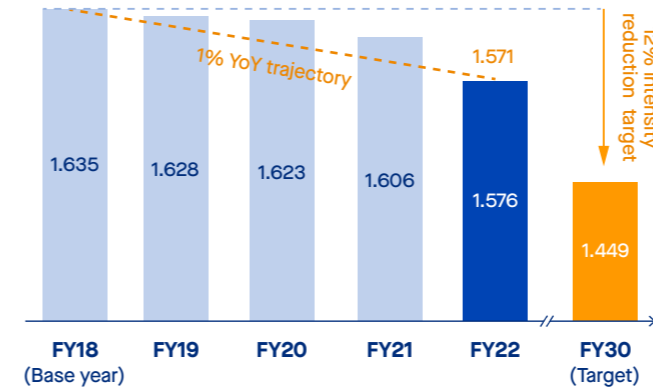
Our performance against our 2030 steelmaking target continues to improve with an aggregate 3.6 per cent reduction in GHG emissions intensity against our FY2018 baseline. This constitutes a 1.8 per cent reduction in emissions intensity compared to FY2021. The improved emissions performance has been largely driven by process and energy efficiency improvements across our steelmaking sites including increased scrap rates at Port Kembla and Glenbrook, and blast furnace humidity injection control at Port Kembla that has reduced coke and coal consumption. We expect steelmaking emissions intensity to continue to improve as our North Star operations' new EAF ramps up to full capacity.

On a historical basis our GHG emissions have seen significant reductions since 2005, with a 30 per cent absolute reduction in steelmaking emissions while emissions intensity has reduced by 22 per cent, on an equity share basis.<sup>17</sup>

Our FY2022 performance against our 2030 non-steelmaking target which extends to our mid-stream sites has yielded an aggregate 3.7 per cent reduction in GHG emissions intensity against our FY2018 baseline; however has resulted in an increase of 3.4 per cent compared to FY2021. Although we have reduced our GHG emissions intensity against our baseline (FY2018), the increase in GHG emissions intensity from FY2021 has been driven by supply chain disruptions that were further exacerbated by the implications of the COVID-19 pandemic and severe weather conditions in Eastern Australia which resulted in lower volumes of our product being dispatched from our operations.

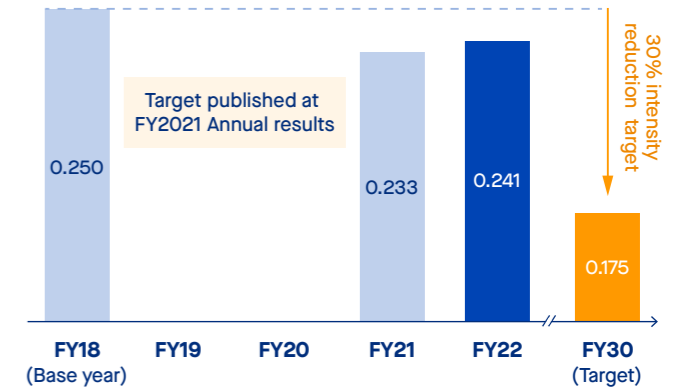
## GHG EMISSIONS INTENSITY FOR STEELMAKING FACILITIES

tCO<sub>2</sub>-e per tonne raw steel



## GHG EMISSIONS INTENSITY FOR NON-STEELMAKING ACTIVITIES<sup>18</sup>

tCO<sub>2</sub>-e per tonne despatched steel



## Governance

Our Board, with the assistance of its committees, particularly the RSC, oversees all climate-related matters, with the Chair of the Board, supported by the Chair of the RSC having ultimate oversight over BlueScope's approach to climate action. Day-to-day accountability rests with BlueScope's Managing Director and CEO, the Chief Executive Climate Change and Sustainability, other members of the ELT and management. BlueScope's Climate Change Council oversees the development and implementation.

[Read more in Governance on pages 66-68.](#)

<sup>17</sup> BlueScope utilises the GHG Protocol Equity Share approach for accounting for GHG emissions. In 2005, BlueScope had a 50 per cent equity share of the North Star steelmaking facility with Cargill. In October 2015 BlueScope acquired the remaining 50 per cent of North Star.

<sup>18</sup> Non-steelmaking emissions have been re-stated to amend for updated calculation methodology, and the inclusion of Tata BlueScope Steel's Jamshedpur site.



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# Water stewardship



OUR VIEW

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

## Highlights

- » Seven environment improvement projects completed in FY2022 focused on water stewardship and reducing water consumption
- » 39 per cent of our total water consumption from recycled sources in FY2022
- » Fresh water intensity of steelmaking activities decreased from 2.03 kL to 1.27 kL per tonne of raw steel since FY2018.

## Future focus

- » Working towards Environmental Aspirations to meet short and long-term goals for preserving community available water sources, conserving fresh water and protecting aquatic biodiversity
- » Leveraging water management findings from Port Kembla's achievement of ResponsibleSteel™ certification to assist other sites in their accreditation journey.

## Approach

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

For over a decade, our commitment to manage water use has been reflected in our aspirational environmental targets. Our businesses set short and medium-term targets to achieve this, and our usage is monitored regularly at all levels of the organisation. We work to optimise water monitoring, reduce the consumption of fresh water drawn from community water sources and improve water discharge quality.

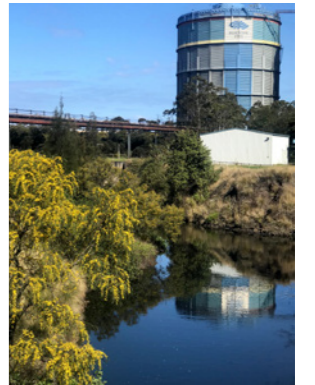
BlueScope has demonstrable evidence of progressive water management activities right across its global footprint. Most of the water we use is at our three steel manufacturing plants. Where possible, we use internally and externally recycled water to minimise our use of fresh water. At our major sites water is cleaned, cooled and recirculated, and where practical rainwater is captured and used on site.

All businesses are encouraged to participate in our environmental recognition program, implementing environmental initiatives, documenting benefits and communicating lessons learnt across BlueScope.

## Planning for effective stewardship

We recognise that water scarcity and variability in supply has the potential to disrupt production capacity in many of our jurisdictions. In addition to our strong focus on water efficiency, we continue to expand our water stewardship approach across our sites to support our aspiration to protect community available water sources, and in line with the requirements of the ResponsibleSteel™ Standard.

This year our Port Kembla Steelworks has taken further steps to formalise a water stewardship plan as part of ResponsibleSteel™ certification, and consistent with Alliance for Water Stewardship (AWS) requirements. It is implementing a Long Range Wide Area Network (LoRaWAN) smart water metering system with high precision, low power consumption and long transmission distance. This system supports more accurate and detailed understanding of water use, enabling potential issues and opportunities for improvement to be identified.



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CASE STUDY

### PHU MY FRESH WATER REDUCTION PROJECT

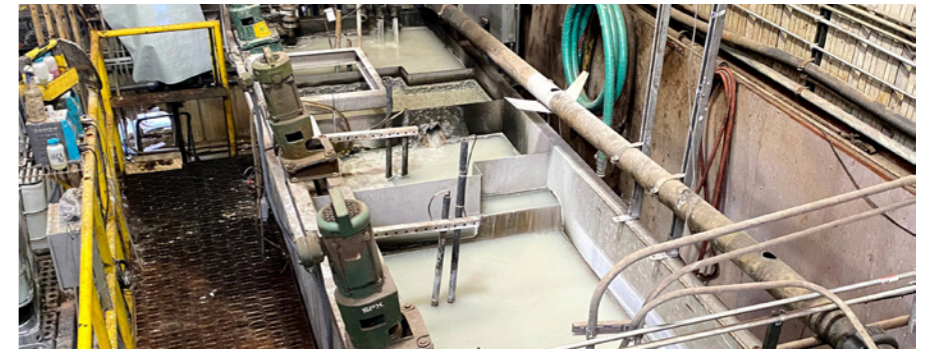
NS BlueScope Vietnam has implemented a rainwater containment and reuse project, installing water tanks for collecting and storing water across the administration and metal coating line buildings at the Phu My facility. Water collected from the administration buildings is re-used in building facilities and for grass watering, while water collected from the metal coating line buildings is used in building facilities and process applications. The 2ML of storage capacity installed will capture many times this capacity, helping to preserve community available water sources.



CASE STUDY

### STEELSCAPE WASTE WATER TREATMENT INITIATIVE

The Steelscape team at Rancho Cucamonga, California has implemented changes in waste water processing consistent with BlueScope's drive towards eliminating waste and protecting aquatic diversity. A combination of automating the coagulant dosing system, changes to the coagulants used and continuous monitoring for discharge compliance has significantly reduced the solids generated and improved the quality of discharged water.



As a result, solids disposed to local landfill have reduced by more than 50 per cent, whilst the site continues to maintain compliance with all water discharge requirements.



CASE STUDY

### IMPROVING WATER EFFICIENCY AND DISCHARGE QUALITY

North Star is commissioning an Ultrafine Reverse Osmosis (UFRO) system to optimise internal water recycling and significantly reduce the volume of fresh water withdrawn from Lake Erie and discharged to the Maumee River. The UFRO replaces the site's existing sand filtration/water softening/brine treatment technology to also improve discharge quality, and has been introduced in parallel with the site's major expansion project. The expansion will increase steel production by around 38 per cent and the site is only seeking a minimal increase in fresh water use, resulting in a significant reduction in North Star's fresh water intensity per tonne of raw steel.



 [Read more about our HSE performance during North Star expansion activities this year on page 25.](#)

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39%

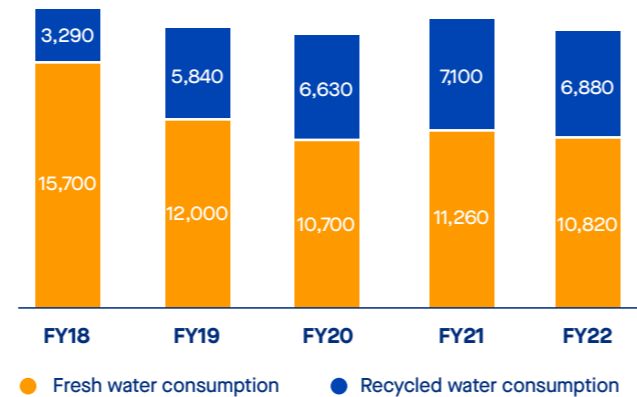
total water  
consumption  
comes from  
recycled sources

## Monitoring and performance

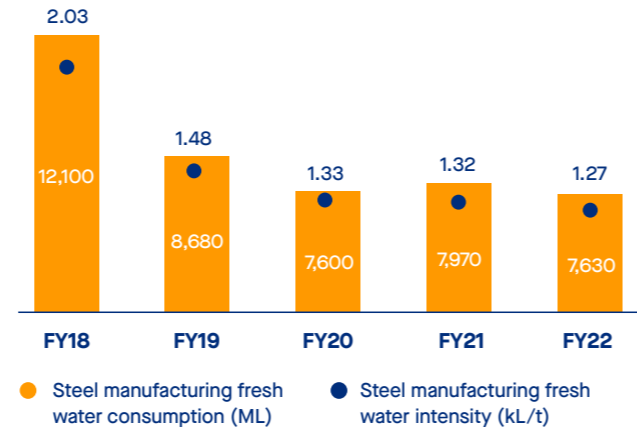
Water consumption is a key metric monitored at all sites and with quarterly oversight at senior leadership and Board level (see Governance).

Port Kembla Steelworks uses around 20 megalitres (ML) per day of recycled water, supplemented by sea water. In parallel with the production upgrade underway at North Star, an Ultrafine Reverse Osmosis (UFRO) system has been installed to optimise water recirculation on site and significantly reduce the volume of fresh water withdrawn from nearby Lake Erie. Around 98 per cent of process water at the Glenbrook Steelworks is recirculated, recycled and supplemented with storm water.

### RECYCLED AND FRESH WATER CONSUMPTION (ML)



### STEEL MANUFACTURING FRESH WATER CONSUMPTION AND INTENSITY



Our people have shown how they innovate, implement and share good practice, with water focused environment improvement projects from across the business driving improved awareness, reduced consumption and improved water quality (see case studies on page 48).

Total water consumed (recycled and fresh water) has reduced by 6.8 per cent since FY2018. Improvements have been driven by our people, with water reduction projects aimed specifically at reducing water use and protecting shared waterways. Water intensity at steel manufacturing sites has reduced by 37 per cent since FY2018, driven by infrastructure improvements and water efficiency projects completed across the three steelmaking sites. Use of recycled water has increased significantly to 39 per cent, from 17 per cent in FY2018, largely underpinned by actions at the Port Kembla Steelworks, where a recycled water supply agreement has been in place since 2003 and is supported by associated ongoing management activities.



## Governance

Our businesses track water use (fresh and other sources) and report quarterly to their business management team, the ELT and the HSEC Committee of the Board.



Read more about our environmental risk management framework, including water risk, in the *Health, safety and environment* on page 29.

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## Responsible products and supply chains



The roof of the Skokomish Community Centre, WA (US) is AEP Span's Span-Lok hp in Colonial Red. AEP Span is the first in its product category to have completed a cradle-to-gate life cycle assessment and can provide a third-party verified Product-Specific Type III Environmental Product Declaration (EPD) for its complete product portfolio.

Architect: 7 Directions

Photographer: Doug Walker Photography

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TOPIC

# Supply chain sustainability



OUR VIEW

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

## Highlights

- » On track to complete 250 prioritised supplier assessments by the end of FY2023. 139 assessments completed in FY2022
- » Continued growth in the use of independent EcoVadis assessments, representing over 80 per cent of all assessments completed in FY2022
- » Participated in development of ResponsibleSteel™ steel certification requirements (covering responsible sourcing and greenhouse gas emissions).

## Future focus

- » Complete 250 assessments over FY2022 and FY2023, including all new Priority suppliers and re-assessments as they become due
- » Re-commence third-party onsite assessments for identified suppliers, aiming to cover 15 per cent of our prioritised suppliers
- » Continue to improve our capability to recognise risk, engage meaningfully with suppliers and drive improvement
- » Explore best practice in supply chain grievance mechanisms and remediation.

## Approach

Our suppliers are our partners. They are predominantly local to our operations, work with us to meet customers' needs and are critical to maintaining operations and product quality. They are also partners in managing the social, environmental and ethical risks inherent in our global supply chains. We actively seek to partner with suppliers who share the core values expressed in Our Bond and who take a similar approach to looking after their employees' wellbeing.

We understand and are responding to increasing stakeholder expectations for responsible supply chains. Our Responsible Sourcing Framework outlines our approach to supplier engagement and assessment and includes our Responsible Sourcing Standard and Supplier Code of Conduct. Our role in the development of the ResponsibleSteel™ Standard aims to drive improved performance in our own business and along supply chains.

We continue to embed due diligence processes for social and human rights risk at our sites and across our supply chain, applying the results of our recent human rights impact assessment to inform our management approach for prioritised areas of risk.

## Assessing sustainability risks in our supply chain

We prioritise engagement with suppliers based on their country risk (inherent risk given their operating context), business activities and the nature of our relationship with them. Prioritised suppliers are required to complete a supplier environment, social and governance (ESG) assessment, usually every two years. Our supplier segmentation approach includes over 1,000 suppliers and accounts for more than 90 per cent of spend by business unit.

Since this assessment framework was implemented in late 2019, over 400 assessments have been completed involving 308 suppliers.



**Read more about our approach to sustainable and transparent sourcing in our FY2022 Modern Slavery Statement, available at [bluescope.com](https://bluescope.com)**



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**80%**  
of BlueScope's  
suppliers are local  
to our businesses

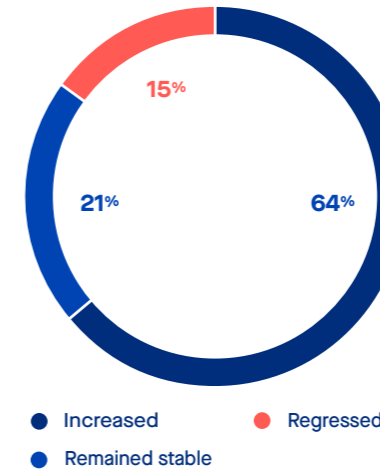
During the course of FY2022, 139 suppliers were assessed, predominantly using independent EcoVadis supplier assessment process. Where a supplier's assessment score has remained stable or regressed, we actively work with them on corrective actions. A key focus through FY2023 is to re-start our program of third-party on-site audits, which has been suspended due to COVID-19 related restrictions.

Through these processes, we are seeing the highest risk in small-medium sized businesses, in high risk operating regions. In FY2022 corrective action plans were in place for 14 per cent of our assessed suppliers.

Supplier risk assessments may also result in revised conditions or escalation of significant issues within BlueScope and the supplier business. We recognise the potential impacts to people and the broader community that may result from terminating these business relationships and as such, our aim is to ensure any such issues are addressed and remedied and practices put in place to avoid recurrence.

Through FY2022 we have proactively engaged with several suppliers who are well advanced on their own sustainability and supply chain journeys, to identify how we could work together on common challenges.

**EcoVadis SUPPLIER ASSESSMENT SCORE IMPROVEMENT**



**TRUST AND  
TRANSPARENCY IN  
OUR SUPPLY CHAIN**

BlueScope continues to play a key role in the development of the ResponsibleSteel™ Standard, which aims to set a performance and transparency benchmark for the responsible sourcing and production of steel. This year we participated in developing further ResponsibleSteel™ requirements to improve supply chain transparency, chain of custody monitoring and responsible performance. This work seeks to influence adoption of responsible business practices in the steel industry and to influence adoption of these practices in our key input material supply chains.



**CASE STUDY**

**STRENGTHENING RELATIONSHIPS WITH SUPPLY CHAIN PARTNERS IN THAILAND**

Our NS BlueScope Thailand supply chain team has worked with our warehouse operator to introduce a range of safety initiatives including training and auditing, critical risk management equipment checks, toolbox meetings and COVID safe plans. This has led to cooperative management of critical risks, strong year-on-year safety performance and a more effective partnership. This initiative received the Supply Chain Partnership Excellence Award in BlueScope's 2021 Health and Safety Excellence awards.



**CASE STUDY**

**ENGAGING ON RESPONSIBLE SOURCING IN VIETNAM**

Our NS BlueScope Vietnam supply chain team engages with local suppliers to collaborate on potential ESG risks and improvement opportunities within our shared value chain. This year the team held a face-to-face workshop with key suppliers and customers to share the details of our Responsible Sourcing program, our focus on climate change, our expectations of suppliers and to create dialogue on how we can work together to improve our sustainability capabilities and how we can support them in their journey. It was also an opportunity for us to congratulate and reward key suppliers who have shown a strong commitment to sustainability initiatives since the launch of the Supply Chain Sustainability program.



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## Supply chain resilience

Security of supply for key input materials and services is paramount. Where practicable we adopt supply chain redundancy strategies (such as using many suppliers or supply points for a product or service or adjusting our safety stock in response to delay or disruption risks) to mitigate any impact of supply disruptions. We have also worked with suppliers to understand their key raw materials, vulnerabilities and risk mitigations, including assisting them to qualify alternative raw material sources. The widespread disruption caused by COVID-19 and global energy and shipping issues has created many supply chain challenges, however, in all cases we have been able to work with suppliers to find a suitable solution and avoid serious business impacts.

We continue to improve resilience assessments and contingency planning for future supply. We are mindful that such disruptions have the potential to increase ESG risk in our supply chains and incorporate this into our decision making and prioritisation.

We acknowledge and express our appreciation to the many suppliers who went above and beyond contracted commitments to keep our manufacturing sites running through the disruptions of the last two years. They have been innovative and agile, and demonstrated true partnership.



### CASE STUDY

## GLOBAL ROLLOUT OF SMALL SUPPLIER PAYMENT TERMS

We value our extensive network of small business suppliers in all the countries where we operate, and understand that cashflow can be a major constraint for small businesses.

In Australia we have over 6000 small business suppliers. We have worked with them since the BlueScope Australia Supplier Payment Code was introduced in late 2018 to provide short payment terms (maximum of 30 days from invoice). We have reviewed all relevant suppliers and, where required, adjusted their payment terms down to align with the Code.

Over the last 12 months the Code has been implemented across our global business, and we are progressively introducing similar adjustments to payment terms for relevant suppliers.

## Governance

Our Supply Chain Sustainability program of work is led by the Head of Group Procurement and delivered through business unit procurement teams. During FY2022 we appointed a Manager for Supply Chain Sustainability who is responsible for coordinating the supply chain sustainability program, developing knowledge and capacity across the business and sharing best practice across the procurement network. The Chief Financial Officer has executive oversight of the program and regularly reviews its progress, as well as supplier assessments and corrective actions.

New, major supply arrangements are overseen by a steering committee comprising the Chief Financial Officer and Chief Legal Officer together with representatives from relevant businesses. Progress against the Supply Chain Sustainability work program is monitored by the ELT, with regular updates provided to the RSC.



### CASE STUDY

## IMPROVED PACKAGING AT ORRCON STEEL

Our Orcon Steel team has collaborated with the supplier of its SUNGAL® product to reduce the packing materials used in its despatch. The team trialled a range of options over a 12-month period to ensure the final solution meets safety and quality requirements while reducing unnecessary waste. As a result, they have replaced single-use full bundle wrapping, polyethylene corner protectors and foam strapping with recyclable plastic sheet and metal strapping. The new solution was trialled in our West Australian business through FY2021, and rolled out nationally this year.



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TOPIC

# Responsible products



OUR VIEW

**Working with our customers, our broader supply network and research institutions to develop enduring product solutions that support sustainable development – our products form part of a critical circular economy.**

## Highlights

- » Responding to demand for high quality, lightweight, efficient products and modular construction applications
- » Supporting key trends including circular economy, climate adaptation and mitigation
- » Demonstrating transparency and stewardship through Environmental Product Declarations (EPDs) and ecolabels
- » Achieving ResponsibleSteel™ site certification for Port Kembla Steelworks
- » Driving conversation and collaboration across industry forums, with a focus on sustainability and climate action.

## Future focus

- » Further expand EPDs and ecolabels across our suite of products
- » Continue to play an active and collaborative role in the development of the additional ResponsibleSteel™ requirements
- » Explore a diverse pipeline research and development initiatives via new technology and external collaborations across our industry, government and customers.

## Approach

BlueScope has a proud history of product innovation. We work hard to maximise material efficiency, enhance beneficial use and extend product life. We focus on product stewardship to improve the contribution our products make to health and safety throughout their life cycle, and importantly reduce our impact on the environment. Collaboration throughout our value chain is key to understanding relevant market trends and opportunities to engage on product sustainability.

We continue to review our product development pipeline, considering emerging external factors and consumer shifts in the regions where we operate. For example, our products are used in modular construction applications to support fast design, competitive cost, and resource efficiency. Each of our regions focuses on building deep market and customer understanding along the entire value chain to develop and scale new solutions through our global centres of technical excellence.

BlueScope places heavy emphasis and care on field testing new products. Decades of product testing support our ability to address variations in climate, macro-environments, micro-climates and anticipated product applications, as well as changes to regulations so that our products continue to adapt in line with evolving industry standards, application trends and consumer desires.

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



Architect: DesignInc Architects  
Photographer: Dianna Snape

Opened this year, the City of Moreland's Glenroy Community Hub is the first community building in Australia to be Passive House Certified, and is also built to achieve Living Building Challenge (LBC) Petal Certification and Zero Energy Certification. The project used LYSAGHT KLIP-LOK 700 HI-STRENGTH® in COLORBOND® steel SURFMIST®.



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## Responsible product solutions

Our range of steel solutions is designed to support sustainable outcomes for customers. These outcomes may include lower levels of embodied carbon, increased energy efficiency and responsible, transparent supply chains.

The steel we supply today will support communities for decades to come, as it underpins the critical transition required for so many sectors, including renewable energy. We continue to research improvements in design applications and believe the fundamental attributes of our products will benefit society and contribute to the circular economy.

Across our businesses, we create and inspire smart solutions in steel, which help enable more sustainable outcomes.



- » We seek to reduce the environmental impact of our products, including embodied carbon, in line with our decarbonisation commitments. Read more in *Climate action* (page 38) and see our Climate Action Report at bluescope.com for further details.

- » **Components to underpin the renewable energy transition.** Renewable energy projects and supporting electricity transmission infrastructure are highly steel intensive. A typical wind tower can include up to 300 tonnes of steel plate, averaging approximately 60 tonnes of raw steel for every megawatt (MW) of wind electricity generation.<sup>19</sup> Steel is equally critical for solar farm components such as piles, tubes and backing frames.
- » **High strength steel grades** for enhanced strength to weight performance in structural steel applications when the design is governed by strength, reducing the volume of steel required, for example columns and primary members. This in turn can result in embodied carbon savings relative to a reference building design that uses standard steel grades.
- » **Cool roof solutions** have the potential to help reduce the intensity of urban heat islands, maintain thermal comfort in hot weather and minimise energy demand for cooling. Cool roofing solutions incorporating solar reflectance technologies are now available across the ASEAN region, North America, Australia and New Zealand.
- » **Energy efficient products.** In China, the Butler ENERWALL® System is a sandwich wall system that helps maintain a constant indoor temperature, reducing electricity consumption from air conditioning. Key components such as zero-volatile organic compounds (VOC) glue and low-VOC rockwool help contribute to a more environmentally sustainable building solution.



### CASE STUDY

## CHRISTOPHER CASSANITI BRIDGE, AUSTRALIA

The Christopher Cassaniti Bridge is Australia's first double-helix bridge, spanning a major Sydney motorway.

The only viable construction material was mild (low carbon) steel, in this case, BlueScope XLERPLATE® steel (250 grade). The design could not have been achieved using any other material because the bridge needed to reach spans of up to 72 metres between piers and this requires a very light material. Steel is easily manipulated from a fabrication perspective, too, and this was important to achieve the different necessary-forced capacities.<sup>20</sup>

Initially known as the Lachlan Line Bridge, the 170-metre structure was formally renamed to honour a young apprentice formworker who died on a nearby unrelated construction site.

<sup>19</sup> BlueScope analysis.

<sup>20</sup> <https://steelprofile.steelselect.com.au/projects/christopher-cassaniti-bridge>. The terms 'low carbon' and 'medium carbon' steel refer to the carbon content of the metal alloy and not to the carbon dioxide (CO<sub>2</sub>) emissions associated with the product.



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- » **Light gauge steel framing.** TRUECORE® and AXXIS® steels can help designers make the most of the available space and create effective, enduring solutions. Light gauge steel products can be delivered pre-fabricated to building sites, helping reduce waste onsite. TRUECORE® steel frames incorporate Activate® technology for improved corrosion resistance and won't ignite or contribute to the spread of fire in extreme-rated Australian bushfire flame zones.<sup>21</sup>
- » **Efficient flooring** for mid and high-rise developments. Fielders SlimDek 210® profile with symmetric Steel Beam Sections provides a floor system that combines strength, lightness and durability. Advantages include speed and ease of construction, minimal onsite waste, reduced logistics and inherent fire resistance without requiring additional protection. Concrete savings of up to 60 per cent can be achieved, resulting in significant embodied carbon savings.<sup>22</sup>
- » **Co-products displacing emissions in other sectors.** The co-products from steel manufacturing have many uses including road base, cement manufacture and fertiliser. Read more in *Resource efficiency and the circular economy* on page 28.

### Solutions for specific applications

- » **Improved ventilation.** COLORSTEEL DRIDEX® is recognised as a Sensitive Choice® product in New Zealand, acknowledging it can deliver healthier environments. The product uses a unique anti-condensation fleece layer and combines several building elements into one for superior condensation absorption, improved ventilation and faster, safer, more cost-effective installation.

- » **Resilient bar and coil products.** Pacific Steel's SEISMIC® branded bar and coil are ACRS (Australasia Certification for Reinforcing and Structural Steels) certified, IANZ (International Accreditation New Zealand) accredited and fully traceable. It meets the demanding requirements of New Zealand's seismic structural design methods, as required by local standard AS/NZS 4671, and derives its superior strength and ductility from micro-alloying the steel with small vanadium additions.

### Improved product longevity and performance

- » **Advanced coating technologies and extensive performance testing for improved corrosion resistance.** Activate® technology is BlueScope's industry leading, patented, metallic coating technology launched in Australia, China and Vietnam to meet emerging building advances in areas such as material efficiency and durability.
- » **High-impact steel grades** for defence, transport and mining equipment. A collaboration between BlueScope, the Defence Materials Technology Centre and the University of Wollongong developed a shipbuilding steel grade with improved survival capability for the hulls of next generation naval vessels, and was awarded a high commendation for innovation at the 2022 Indo Pacific Maritime Exposition.
- » **Weathering steel products for bridges and other applications.** In suitable environments, REDCOR® steel can be used unpainted, contributing to lower maintenance costs and a more economic solution. It may improve the sustainability of a structure over its lifetime by avoiding the need for repainting.

<sup>21</sup> AS 3939 – Bushfire Attack Level (BAL).

<sup>22</sup> <https://fielders.com.au/products/flooring-solutions/slimdek-210/>.



#### CASE STUDY

### SHANGHAI'S REFURBISHMENT PROJECT

In many areas of Shanghai, industrial buildings have been replaced by more energy efficient ones. The refurbishment of #1 Building, 191 Neijiang Road, built in 1930 with concrete frames over 10 metres high, has transformed it from an old factory into a community-friendly public facility.

BlueScope's Butler business provided a staggered floor structure to accommodate an impressive two-storey basketball stadium and three separate floors of office space. A Butler MR-24® Roof System was installed on top of the original leaking roof, improving thermal insulation and enabling solar photovoltaic panels to be installed to increase energy efficiency. As a pre-engineered building solution, there was minimal noise or construction disruption to the community.

The project was recognised by the Shanghai Green Building Council, and is now a flagship facility hosting cultural, sports and art events for the local community.



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## Certifications drive transparency

Customers expect credible information about the environmental credentials of our products to support their own sustainability objectives. We understand and encourage the need for transparency through disclosures and certifications that validate our products and supply chains.

The certification of steel products to recognised certifications, ecolabelling and product declaration frameworks is vital to support informed decision making.

## ResponsibleSteel™

BlueScope's role in the development of the ResponsibleSteel™ Standard is at the heart of our commitment to ensure customers, stakeholders and consumers are confident that the steel they use has been sourced and produced responsibly.

In February 2022, our Port Kembla Steelworks in Australia became the first site in the Asia Pacific region, and the fourth steelmaker in the world, to obtain ResponsibleSteel™ certification.



Read more about the critical role of industry standards and stakeholder collaboration in *The future of steel* on page 11.

## Environmental Product Declarations

In many of our regions, we publish EPDs to clearly communicate the environmental impact of our products over their life cycle. A variety of environmental indicators is published within our EPDs, including global warming potential (GHG emissions).

EPDs can also allow downstream users to earn points for certification schemes in their sector. BlueScope's EPDs are compliant with International Standards ISO 14025 and EN 15804 and are available on our websites and in a range of industry sources.

## Ecolabels

An ecolabel identifies products or services proven to be environmentally preferable within a specific category. Ecolabels can help customers and consumers quickly identify products that meet specific environmental performance criteria. As with EPDs, products with ecolabels can contribute points under green building rating tools such as Green Star and Leadership in Energy and Environmental Design (LEED) framework. Many BlueScope products carry ecolabels, EPDs and other certifications.



Read more about our sustainable product credentials in our FY2022 Sustainability Data Supplement, available at [bluescope.com](https://www.bluescope.com)



### CASE STUDY

## AEP SPAN SUPPORTS LEED-CERTIFIED COMMUNITY DEVELOPMENT

AEP Span is proudly helping the Lytton Band of Pomo Indians realise its vision of building a first-class community development comprising 147 homes, a community centre and a retreat.

The Lytton Rancheria project follows the LEED framework for healthy, highly efficient and cost-saving green buildings. Design elements for efficient use of energy and natural resources include orientation to maximize access to solar energy and natural daylight, and windows strategically placed for efficient, natural ventilation. The team also selected AEP Span's Design Span® hp standing seam metal roof for its durability, structural performance to withstand harsh conditions and cool formulated coating, all contributing to thermal comfort and reduced energy use to meet the high green building standards.



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## Collaborating for sustainable outcomes

Collaborative partnerships are an integral part of our approach to delivering sustainable product solutions. Not only do they drive sustainability outcomes within our operations, they also support customers in achieving their own sustainability goals.

We work with customers to develop products and services that support sustainable development and a circular economy. Our greatest impact is seen through collaboration with value chain partners such as architects, engineers and direct customers who use our products to help create more sustainable projects. Our product innovation involves rigorous testing and evaluation programs to ensure that potential new products meet customer needs and have proven environmental and reliability credentials.

In Australia, we're continuing our research in composite buildings via two exciting industry collaborations. With the Building 4.0 Cooperative Research Centre (CRC) we are exploring the role of steel-timber hybrid building solutions in delivering lower embodied carbon buildings. The project aims to develop lightweight hybrid systems which are suitable for prefabricated offsite construction, leading to faster construction times. Read more about our role with Building 4.0 CRC on page 59.

We're also partnering with constructsteel, the steel construction development program of the World Steel Association to further research hybrid structures. constructsteel and the Council on Tall Buildings and Urban Habitat (CTBUH) have embarked on a two-year research project that will explore the future potential of steel-timber composite structures in tall buildings too.



BlueScope's Chief Executive Climate Change and Sustainability, Gretta Stephens, was a panellist at the Green Building Council of Australia (GBCA) 2022 TRANSFORM event discussing the acceleration of net zero emissions through responsible products and procurement.

Gretta gave BlueScope's perspective on how we can work together to drive the supply chain towards low-emission products, and the vital actions BlueScope is taking to guide us there. The event was a great opportunity to engage with our customers and stakeholders on sustainability and climate issues, and understand their growing expectations for more decisive climate action.



### CASE STUDY

## FINDING EMERGING TALENT IN SOLAR CELL TECHNOLOGY

BlueScope has launched a Solar Surface Accelerator program to support solar tech companies and start-ups in seeking out next-generation advancements in integrated solar cell technologies.

Five companies have been selected to join a 12-week program and benefit from intensive coaching and training with mentors from start-ups, manufacturing, and solar engineering industries, to help grow and improve their product and business.

Each participant has access to BlueScope's equipment, resources, and technical expertise. At the end of the program they will pitch their accelerated technology for the opportunity to develop further advancements in solar surfaces.



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### Academic partnerships

We partner with around 10 universities and research organisations globally as part of our commitment to support sustainability initiatives in the construction sector. We are a consortium partner of the Australian Building 4.0 CRC (Cooperative Research Centre), a collaboration between government, industry and several universities working to improve building performance, sustainability and supply chain efficiency. With a focus on digital solutions, new products and processes for customer benefit, several of the Building 4.0 projects commenced in 2020 have completed the scoping phase and are now entering the three-year research phase.

We're also partnering with the University of Wollongong on climate-optimised building systems for unique Australian climates. This new research hub follows the first successful hub which is delivering technology research across the steel value chain, including product innovations being developed for commercialisation. In Steel Research Hub II, evidence-based research is being conducted in a three-year project on the application of steel building products in wall and roof systems to deliver healthy, durable, cost effective and thermally efficient buildings for future climates.

### Governance

BlueScope's strategic processes seek to identify, monitor and respond to emerging trends such as sustainable products, climate appropriate products and the circular economy. Macro trends inform our wider business strategy, and those that are relevant to our industry sectors are further distilled to become key inputs for our regional and local strategic marketing planning.

Commercialisation of new products includes extensive customer trials and product monitoring in market to verify benefits and impacts through the value chain. Manufacturing processes are accredited to ISO 9001 Quality Management Standards.

Product development is carefully managed through a gated process in which health, safety and environmental elements are all assessed by specialists and reported quarterly through tiered innovation governance processes, culminating with the approval of ELT.



**“At the Green Building Council of Australia, we have adopted ResponsibleSteel™ as one of the ways we evaluate materials within our Green Star tool. BlueScope's leadership in the development of the ResponsibleSteel™ Standard and certification of the Port Kembla Steelworks illustrates their commitment to responsible choices for manufacturing and performance improvement.”**

**Davina Rooney, CEO, Green Building Council of Australia**

### Industry memberships, collaboration and education

Around the world, we engage with not-for-profit organisations which aim to accelerate the transformation of the built environment. These include the Australian, New Zealand and US Green Building Councils, the Materials and the Embodied Carbon Leaders' Alliance (MECLA) and the Infrastructure Sustainability Council (ISC) in Australia.

We are also members of the Australian Life Cycle Assessment Society (ALCAS) and Life Cycle Association of New Zealand (LCANZ), the peak professional organisations for life cycle assessment, management and thinking.

These memberships help foster conversations about sustainability with customers and more broadly across our value chain, and demonstrate our leadership in sustainability.

We also play an active role in educating industry on the challenges and opportunities of decarbonisation. In Australia, we have delivered national webinars on sustainability and climate action at BlueScope to members of the Australian Institute of Architects, Engineers Australia and MECLA. In North America, AEP Span has developed an American Institute of Architects (AIA)- and USGBC-approved AEP Span Single-Skin Metal Panels and LEED® Standard and Certification course, to be launched in FY2023.



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TOPIC

# Community engagement and contribution



OUR VIEW

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

## Highlights

- » Continued to support communities during the COVID-19 pandemic
- » Engaged with thousands in the Illawarra community for the No. 6 Blast Furnace Reline Project
- » Direct economic value generated \$19.3Bn
- » Over \$1.25Bn total Group tax payments.

## Approach

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

## Community engagement

We are an integral part of our local communities, and we seek to make an active contribution, work collaboratively to understand community expectations, communicate information and resolve any issues as they arise.

We operate in consultation with our local communities and are accountable for managing any potential impact on local resources and amenity. Our sites have plans in place to guide the responsible management of operations, and we work to avoid or mitigate any negative effects our operations may have on our communities or the environment. Many of our major sites have established community consultation committees, providing a regular forum for open discussion between BlueScope, community representatives and other stakeholders about the environmental management and performance of our operations. Read more about our approach to environmental management on page 28.

## Future focus

- » Create opportunities for employees to further engage and strengthen relationships with BlueScope's communities
- » Measure BlueScope's reputation in steelmaking communities beyond Australia
- » Continue to publicly provide information on our tax strategy and tax position.

## Community investment

Wherever we operate we actively promote local collaboration to offer support where it is needed to people working and living in our communities.

Our 'Strengthening our Communities' investment framework creates sustainable partnerships and opportunities for our people to be involved in their community. Examples of some of our community engagement activities are outlined on pages 62-64.



NS BlueScope employees in Singapore volunteering at Willing Hearts, preparing food for delivery in the community.

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# Strengthening our Communities



## Health, Safety and Environment

Australian Steel Products donated \$100,000 to the i98FM Illawarra Convoy, an annual event that raises funds for local hospitals, for families in the community dealing with life threatening medical conditions, and for the charities that also support these causes. A truck convoy through Wollongong and the surrounding region is a highlight every year, this year featuring a BlueScope-branded trailer in prized position amongst the leaders for the first time.

Many of our businesses continued to support their communities during the pandemic. In Thailand employees donated essential medical supplies to a local hospital and food packs to residents of worker dormitories, and distributed survival packs to homeless people who regularly find shelter near the Lysaght facility.



## Community Buildings

A US\$100,000 donation by the BlueScope Foundation will support a new residential centre being built in Kansas City by Halo, an organisation that provides accommodation and other essential services to homeless youth. Halo's new centre will provide safe housing and supportive programs for teens in the Kansas City area, where over 2,000 youth are in need of transitional housing. This new partnership demonstrates BlueScope Buildings North America living Our Purpose, strengthening our communities for the future.



## Education

North Star hosted 150 young students from the local community at its annual Water Celebration. The day was filled with educational and fun activities focused on water and wetlands education, including nature jeopardy, water chemistry and testing, water filtration and pollution, and presentations from some of North Star's partner organisations.

The BlueScope Foundation has awarded ten scholarships to children of employees in North America, overseen by an independent Selection Committee. Baccalaureate Awards (US\$12,000) were granted for incoming freshmen at an accredited 4-year university, and Centennial Awards (US\$2,000) were granted for current or incoming students at a 2-year community college or vocational-technical program, with extension to an \$8,000 scholarship if the student transfers to a 4-year university.





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## Shelter

NS BlueScope Lysaght Sabah handed over the keys to a new home to two happy families in a local community severely affected by floods in September 2021. Working with community partners, the business sponsored roofing and truss material for the two houses, and the General Manager personally donated furniture and household items to help victims rebuild their lives. Lysaght Sabah plans to continue to work with NGOs in supporting its local community.

As part of its partnership with Habitat for Humanity, Coated Products North America donated a metal roof for a new home being built for a grateful local family. Steelscape provided the steel and ASC Building Products rollformed it into its metal roofing panel, Skyline Roofing.



## STEAM<sup>23</sup>

BlueScope people regularly participate in forums to promote STEM in the community. The BlueScope Foundation is a longstanding supporter of FIRST® (For Inspiration and Recognition of Science and Technology) in North America, which engages young students in STEM through robotics and Lego challenges and competitions. North Star BlueScope Steel joined a University of Toledo event for young female students, and in New South Wales, BlueScope is a participant in the state government's STEM Industry School Partnership program.

<sup>23</sup> Science, Technology, Engineering, Arts, Maths.



## Inclusion and Diversity

The BlueScopeWIN Community Partners program is the foundation supporter of Frame Running Wollongong which enables children with very limited mobility to participate in various games and sports. A Frame Runner trike is a custom built three-wheeled frame where the runner is fully supported by a saddle and leans against a chest support, propelling themselves forward by the feet, while using hands or arms to steer. This sponsorship offers opportunities to children who otherwise would be excluded from participating in these activities.



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## CASE STUDY

### CONTRIBUTING TO THE ILLAWARRA

BlueScope has a strong record of engaging with and contributing to the Illawarra community:

- » \$5 million in support to around 400 local grassroots community projects in the last 10 years through the BlueScopeWIN community partnership, such as the BlueScope Youth Orchestra (pictured)
- » The Community Campus within the grounds of the Steelworks has provided premises rent-free to the value of \$550,000 to not-for-profit community groups
- » Since 2014, 28 quarterly meetings have been held with members of our Community Consultative Committee
- » On average, over 5,000 visitors tour the Port Kembla Steelworks each year.

This year, comprehensive community consultation has been a vital component of the Port Kembla Steelworks No.6 Blast Furnace reline feasibility study. BlueScope has engaged with thousands of local community members in over a hundred face-to-face and online forums to convey a detailed overview of our plans for the reline and decarbonisation pathway and enable them to comment and ask questions. A dedicated webpage on the BlueScope Illawarra website hosts all public documents related to the project for easy reference.

A range of community stakeholders – government agencies, organisations and members of the public – made submissions during the exhibition period of the Environment Impact Statement (EIS) for the reline. Of over 450 submissions made in response to the Environment Impact Statement, more than 95 per cent were in support of our plans.

BlueScope makes a significant economic contribution to the Illawarra region of New South Wales. The No.6 Blast Furnace reline project includes a total investment of around \$1 billion. It is estimated 250 new jobs will be created during construction and the project will seek to give priority to engaging local contractors and suppliers. Read more on page 43.



Brad Chilby @chilby\_photography



As part of our planning for the next 100 years in the Illawarra, we have begun developing a Master Plan for approximately 200 hectares of landholdings adjacent to the Port Kembla Steelworks. This 18 month program will be led by world-leading architects and urban designers, Bjarke Ingels Group (BIG), and will create a vision for the reimagination and transformation of land surplus to steelmaking needs, with the potential to unlock a wide range of new uses and enable significant long-term economic and social value for region.

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## Economic contribution

As we continue to invest and prosper through long term asset development, we share our success through our economic contribution to the communities in which we operate.

We reinvest most of the direct economic value we generate into the countries where we have a presence with a significant amount directly into local communities close to our operating sites, generally as payments to our suppliers and our employees. As outlined in *Supply Chain Sustainability*, 80 per cent of our suppliers are local to the BlueScope business that they supply. As shown in the charts below, in FY2022 these payments amount to approximately \$14,231 million. We pay a significant amount of the balance back to governments (in the form of taxes and other charges), and to our shareholders. We invest the amount we retain for future use back into the Group to assure its sustainability.

## Tax contribution

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

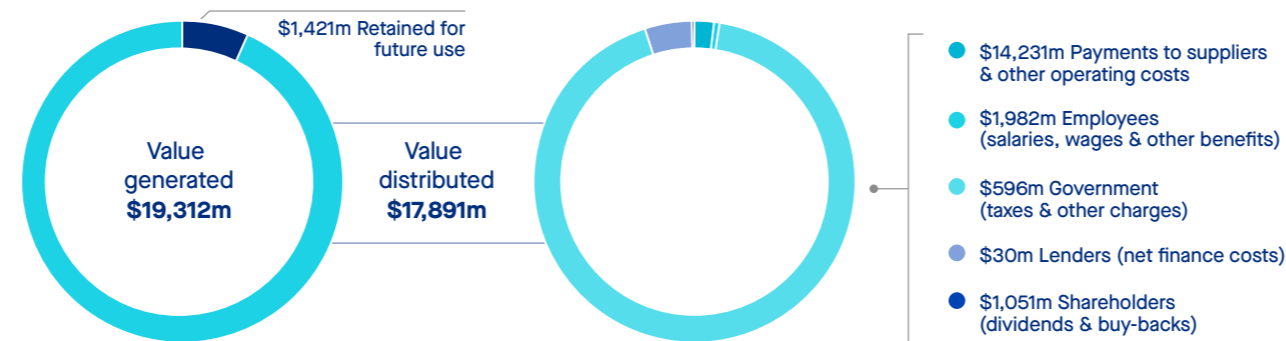
Following a strong FY2021, BlueScope's business has continued to grow, with the FY2022 result being a record performance, the highest profit in our 20-year history as a listed company. The Group has continued to pay significant amounts of tax in the countries in which we operate. In the case of Australia, strong performance has resulted in BlueScope's income tax losses, which had been carried forward on our balance sheet for many years, being fully utilised. BlueScope is expecting to make an Australian corporate income tax payment in December 2022, ahead of lodging its FY2022 corporate income tax return.

## Governance

Activity in line with BlueScope's 'Strengthening our Communities' framework is reported annually to the HSEC Committee of the Board, which oversees the Company's community engagement and risk management activities and receives quarterly performance reports.

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

## OUR DIRECT ECONOMIC VALUE GENERATED<sup>24</sup> AND DISTRIBUTED IN FY2022



BlueScope is committed to transparent tax reporting. Our FY2022 Tax Contribution Report is available at [bluescope.com](https://bluescope.com)



<sup>24</sup> Based on direct revenue representing receipts from customers and other income. Read more in our FY2022 Annual Report, available on our website.

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## Leadership

**Strong governance is an important aspect of BlueScope's culture. Our commitment to sustainable governance is led from the top, with clear accountabilities for oversight and implementation of our sustainability commitments.**

Our Board, with the assistance of its Committees, oversees all sustainability matters, while day-to-day accountability rests with BlueScope's Managing Director and CEO, other members of the Executive Leadership Team (ELT) and other management.

During FY2022, two international Directors were appointed to the Board, one from each of the US and China. Further the Company has recently announced that two additional directors will be appointed to the Board effective 30 September 2022; one from the US and one from Australia. These appointments enhance the Board's composition so that it better reflects the regions in which BlueScope operates and in which we will continue to invest and grow.

The Sustainability Council and other leadership groups, including the Climate Change Council and the Social Compliance Steering Committee, support the implementation of governance programs and support the functional-specific leadership teams in providing recommendations to the ELT, Board and relevant Committees.



Further information about our governance structures, including Directors' skills, Committee memberships and meeting attendance is included in the Directors' Report in our FY2022 Annual Report, and our FY2022 Corporate Governance Statement, available at [bluescope.com](https://bluescope.com)

The Board has established the following Committee and leadership structure:



### BlueScope Board

Oversees the management of BlueScope Steel Limited and its controlled entities and, whenever required, challenges management and holds them to account.

Responsible for demonstrating leadership, including in:

- » Setting and instilling values and standards of conduct to underpin the desired Group culture
- » Defining purpose, setting direction and strategies and assessing and monitoring performance
- » Governance and risk management, including approving Group Risk Appetite
- » Overseeing executive talent and Group people and remuneration policy.

### Risk & Sustainability Committee

Health, Safety, Environment & Community Committee

Remuneration & Organisation Committee

Audit Committee

Nomination Committee

### Managing Director and CEO, and other members of the ELT

### Functional-specific Leadership Teams and Forums

(including Sustainability Council, Climate Change Council, People Leadership Team and the Social Compliance Steering Committee)

## Compliance and ethical conduct

**At BlueScope we are committed to ethical conduct and fostering a culture of speaking up when something isn't right.**

Our Code of Conduct, *How We Work*, sets out our expectations for employees and those we do business with, as we live Our Purpose and Our Bond. *How We Work* is published in 12 languages to ensure it is accessible to all employees. It is available on BlueScope's intranet and internet, as well as in hard copy across BlueScope sites. All BlueScope employees are required to complete *How We Work* training at least every three years. During the year we developed a bespoke online training module to support this commitment, and ensure employees are aware of and understand *How We Work*. The module will be a key element of induction training for new employees and is being implemented across our business for all employees.

BlueScope is committed to encouraging a culture of speaking up when something is not right and protecting those who do. Our Speak Up Policy sets out the process to raise business conduct concerns, the protections we offer and our investigations process.

Gifts & Entertainment and Conflicts of Interest Standards, along with related registers, were launched in the Australian business this year, reinforcing the expectations outlined in *How We Work* to help manage anti-bribery and corruption risks.

Over the next few months the standards and processes in BlueScope's other business units will be reviewed and updated to ensure these risks are being managed consistently across our global business.

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Our Supplier Code of Conduct sets out BlueScope's minimum expectations for suppliers and confirms our commitment to partnering with those who share our values. Read more in *Supply chain sustainability* (page 51).

Our Ethics and Compliance function supports specialist Ethics and Compliance professionals in each business unit to manage and control compliance risk. With this model, we are strengthening our compliance culture by reinforcing our policy framework, building awareness through training and regular employee engagement, and fostering a culture of proactive reporting.

In August 2019 the Australian Competition and Consumer Commission commenced civil penalty proceedings against BlueScope and a former employee alleging contraventions of the Australian competition law cartel provisions. The trial concluded in November 2021 and we are awaiting judgment.

 Our Code of Conduct, *How We Work*, our Speak Up Policy and details about our Speak Up Hotline are available at [bluescope.com](https://bluescope.com)

**Risk management**

BlueScope is committed to an integrated approach to managing risk. We aim to have a proactive risk culture, ensuring a balanced approach to managing uncertainty in how we deliver strategic and commercial outcomes.

Our Group Risk Appetite statements are set by the Board, they describe the fundamental principles that govern the way we will execute our strategy and the acceptable level of risk. Understanding risk, and our appetite for particular types of risk, is a key consideration in our decision making. Seven broad categories set the structure in which business risks are to be identified and managed (pictured).

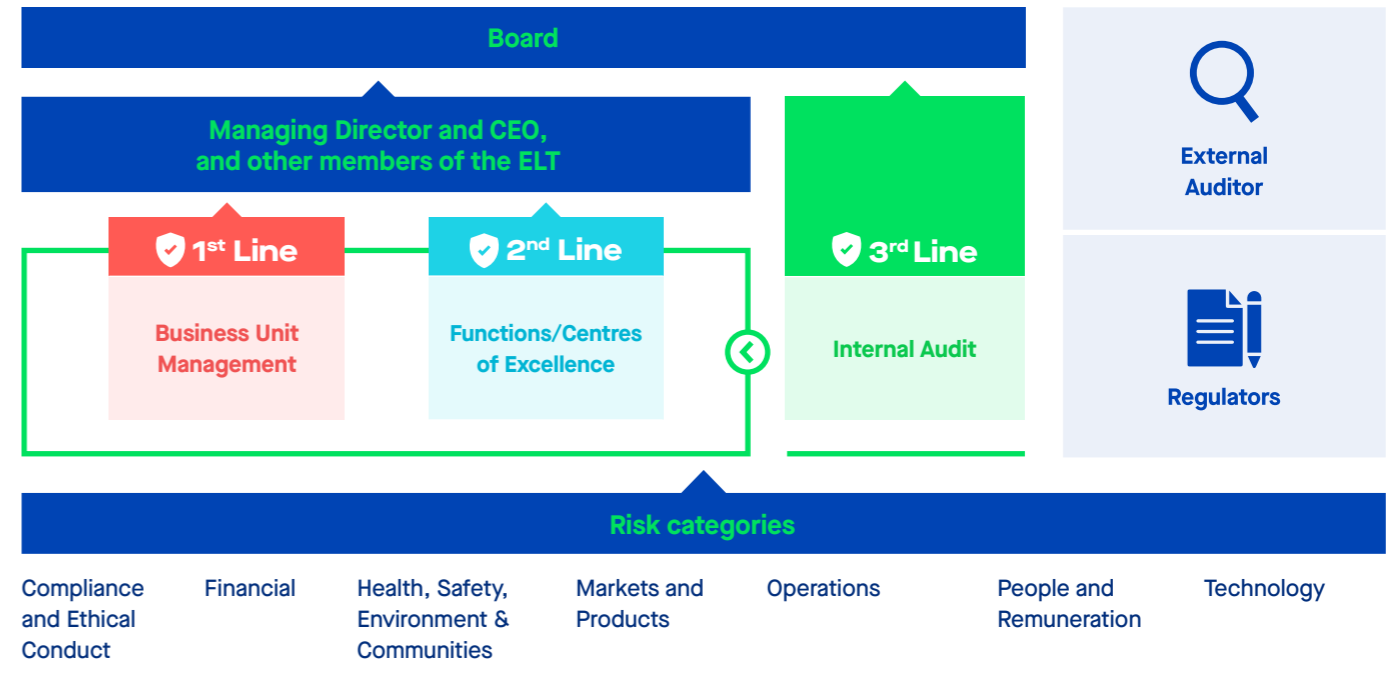
Our integrated framework of risk management, policies, procedures and controls means that decisions are made as close as possible to the source of risk. Our three lines of accountability model (pictured) aims to ensure clear accountabilities through the Group. Our business unit management teams are empowered to own and manage risks directly at the first line of accountability, followed by the functions/centres of excellence in the second line and Internal Audit representing the third line of accountability, with oversight by senior management and the Board. Each business unit's performance against the Group Risk Appetite is monitored quarterly and the consolidated metrics reported to the RSC.

We evaluate and monitor the impact of climate-related risks on our businesses and build these into our corporate strategy, where relevant. In 2021 we used detailed climate scenario

analysis to better understand the impacts of climate-related physical and transition risks on our portfolio; in 2022 there were no material changes to this analysis. Refer to our Climate Action Report (available at [bluescope.com](https://bluescope.com)) for more information about our approach to managing risks and a list of our climate-related risks and opportunities.

In FY2022 we continued to embed the risk management framework through a series of masterclasses with business leaders. Going beyond traditional training courses, each masterclass used storytelling and real, BlueScope-specific examples to engage and develop our leaders.

 Further information about our risk management approach is available at [bluescope.com](https://bluescope.com)



Managing Director  
and CEO's message

Who we are  
and what we do

Sustainability  
at BlueScope

The future  
of steel

Sustainable growth  
and transformation

Safe, healthy and  
inclusive workplaces

Climate  
action

Responsible products  
and supply chains

Strong  
communities

**Governance**

About this Report

**Remuneration**

BlueScope's remuneration framework drives alignment and accountability to deliver sustainable profitability through the cycle and is aligned with the creation of long-term shareholder value. The Board therefore takes great care to ensure that as business priorities evolve, so to do BlueScope's remuneration arrangements.

Our remuneration framework is designed to attract and retain key talent in the local regions in which we operate. It is expected that there will be increasing pressure on remuneration due to the inflationary environment, and ongoing talent attraction and retention pressure, particularly in the US region. The current remuneration framework – at or slightly above median market fixed pay and conservative variable reward – is outside of market expectations in the US, both from a structural or pay mix perspective, but is also lower in overall quantum. A review of the Executive Reward Strategy was completed in FY2022, with a more detailed review of the equity-based component of US remuneration underway.

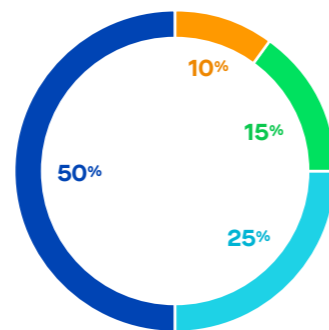
In FY2022, we have continued to build on creating an inclusive workforce which reflects the diversity of the community in which we operate. We review pay equity as part of the annual remuneration review process. This year, we once again confirmed a minimal gap in pay differentials between men and women in similar roles, and introduced action plans where required.

From FY2022 all members of the ELT have 25 per cent of their Short-Term Incentive allocated to ESG, including safety, to ensure annual focus is maintained on key areas of sustainability for the business (see below). The sustainability measures are quantifiable and include targets for BlueScope's year on year GHG emissions reduction, climate change objectives and a diversity and inclusion objective. In FY2022, the weighting for the safety measure was increased, from 5 per cent to 10 per cent, emphasising our focus on safety and includes both leading and lagging safety indicators.



**Further information on executive remuneration policies and FY2022 performance is in our FY2022 Remuneration Report, contained within the Directors' Report in our FY2022 Annual Report, available at bluescope.com**

**ELT STI PERFORMANCE MEASURES**



\* Treatment of fatalities:  
» Zero-fatality gateway on the safety pillar, subject to Board discretion taking into account the circumstances of any incident(s)  
» Contractor fatalities classified as being under a BlueScope controlled management system will be disclosed and included in BlueScope's overall safety performance data.

**Safety (increased from 5% in FY2021)\***

- » Lag indicator (TRIFR)
- » Leading indicators (Safety leadership and delivery of HSE risk control projects)

**ESG (Climate, Inclusion & Diversity)**

- » BlueScope 1% year-on-year GHG emissions intensity reduction
- » Business unit or functional lead climate objective
- » Business unit or functional lead inclusion and diversity objective

**Individual strategic objectives**

- » Two to three individual strategic objectives aligned to business growth

**Financial performance**

- » 2/3 underlying ROIC
- » 1/3 free cashflow from operations

Sustainability component

**Public policy and advocacy**

BlueScope belongs to various industry associations in many countries where we operate. Most are professional or technical associations, such as those that support employee career development, climate change and energy matters or the development of industry standards. Several memberships allow BlueScope to take positions on and participate in consultation on developing public policy. We participate in these associations to be better informed and contribute our views and experience about public policy that may affect the Company.

Our Industry Associations Governance Standard details the five principles which guide our industry associations membership, and how we assess alignment between the public policy positions of the industry association and BlueScope's position as stated in public documents. An annual summary of these assessments is reported to the Board's RSC.

The latest assessment, conducted in mid-calendar 2022, did not find any material differences or conflicts in policy positions between BlueScope and the main industry associations of which it is a member, namely:

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



**Published last year, BlueScope's first Climate Action Report presents our position on climate change, and provides further details on our approach to public policy and advocacy. This Report, and BlueScope's Industry Association Governance Standard, are available at bluescope.com**

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**This Report, and its associated FY2022 Sustainability Data Supplement, outlines the sustainability performance of the consolidated entity ('BlueScope' or 'the Group'), consisting of BlueScope Steel Limited ('the Company') and its controlled entities for the year ended 30 June 2022. Our last report was released in September 2021 and is available on our website.**

Except where otherwise stated, references to 'we', 'us' and 'our' refer to BlueScope including the reporting entities above (and excludes BlueScope Coated Products and BlueScope Recycling and Materials, unless otherwise stated). Unless otherwise stated, environmental data is reported utilising an equity share approach, and production and safety metrics are reported on a financial control basis and people data is reported on a head count basis. All financial information is reported in Australian Dollars unless otherwise stated.

BlueScope endeavours to ensure the data in this Report is as accurate and up to date as possible to enable readers to understand our performance and compare it to prior periods. Where appropriate, historical data has been restated to present data on a consistent and comparable basis and an explanation is provided. A selection of data included within this Report has undergone independent limited assurance procedures. The Limited Assurance Report outlines the data that was covered by the assurance scope for the 2022 reporting year, and can be found in the FY2022 Sustainability Data Supplement.

This Report, and its associated FY2022 Sustainability Data Supplement, presents material sustainability information in line with generally accepted disclosure frameworks and BlueScope's corporate approach for reasonable and responsible disclosure. The Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards at a Core level. We provide climate-related disclosures in alignment with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have also identified our reporting metrics that are consistent with the

Sustainability Accounting Standards Board (SASB) Industry Standard for Iron and Steel Producers and the United Nations (UN) Sustainable Development Goals.

## Forward looking statements

This Report contains certain forward-looking statements, which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "intend", "anticipate", "estimate", "continue", "assume", "project" or "forecast" or the negative thereof or comparable terminology. This report has also utilised publicly available third-party information and forward-looking statements, for example forecasts from the International Energy Agency (IEA) were utilised in the development of our FY2021 climate scenario analysis. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, performances or achievements, or industry results expressed or implied by such forward-looking statements.

Forward looking statements should be read in the context of such risks, uncertainties and other factors. Accordingly, this report should not be relied upon as a recommendation or forecast by the Company, its related or controlled entities or officers, directors, employees or agents (BlueScope entities), and the BlueScope entities disclaim any liability whatsoever (including for negligence) for any loss howsoever arising from any use of this report or reliance on anything contained in or omitted from it or otherwise arising in connection with this.

The BlueScope entities further disclaim any duty or undertaking, except to the extent required by law or the Listing Rules of the ASX Limited, to release publicly any updates to any forward-looking statement contained herein to reflect changes to relevant risks, uncertainties or other factors, and/or the BlueScope entities' understanding of them.



## Sustainability Data Supplement

**Our FY2022 Sustainability Data Supplement includes detailed data, metrics, glossary of terms and guidance on how Sustainability Report content aligns with generally accepted disclosure frameworks. The Supplement is available at [bluescope.com](https://bluescope.com)**





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