BlueScope

BlueScope Investor Day

Day 1

20 September 2021

Pictured:
New lodges built along the Three Capes Track in Tasmania featuring COLORBOND® steel
Photo: Brett Boardman

BlueScope Steel Limited. ASX Code: BSL
ABN: 16 000 011 058
Level 11, 120 Collins St, Melbourne, VIC, 3000

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Authorised for release by The Managing Director & Chief Executive Officer

BlueScope Contact:
Don Watters, Treasurer & Head of Investor Relations
P +61 3 9666 4206
E don.watters@bluescope.com

AGENDA

DAY 1

Session 1

- BlueScope Strategy Update
- Sustainability at BlueScope
- Climate Change Deep Dive
- Climate Change Panel Q&A

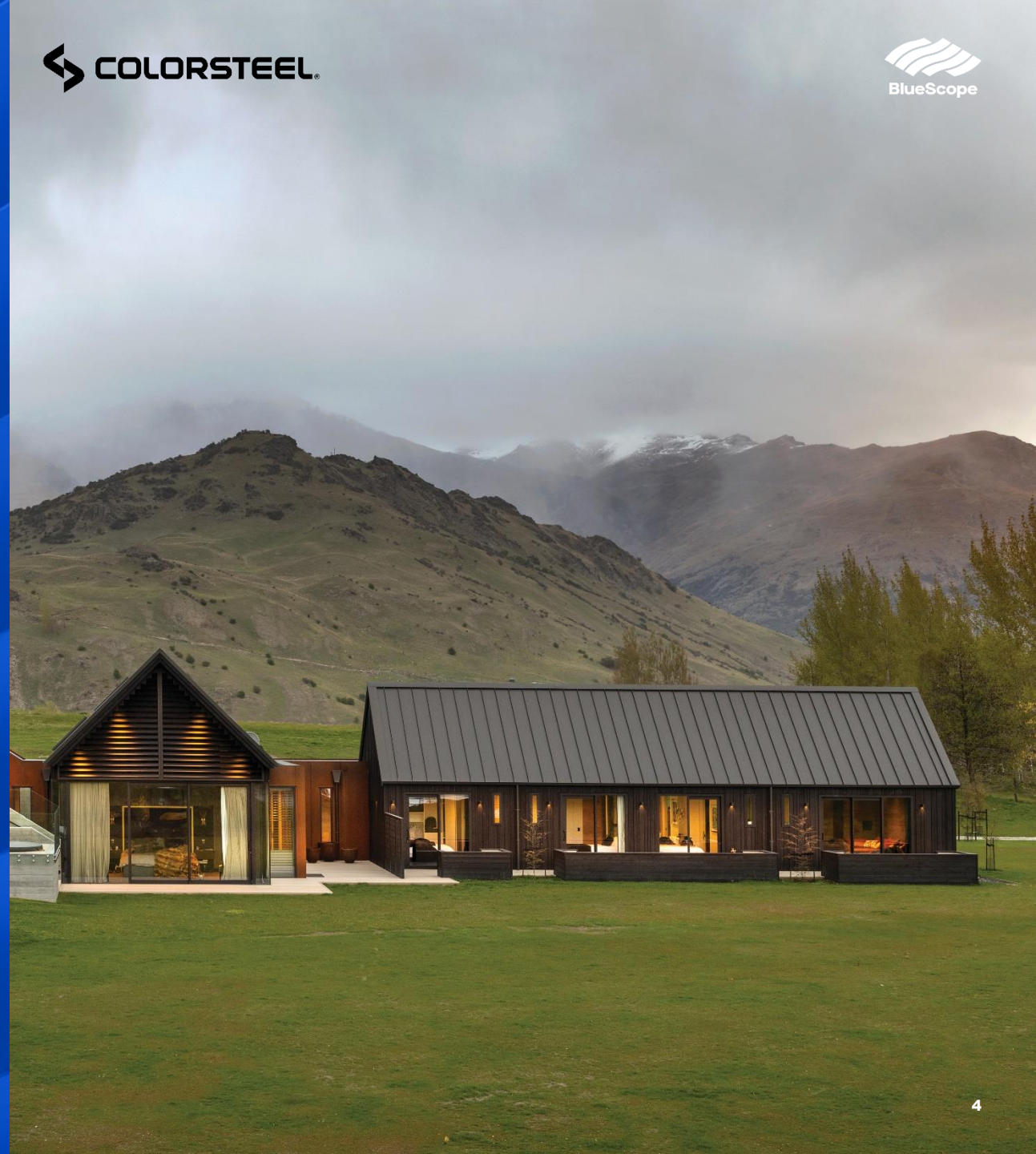
Break

Session 2

- Sustainability Update
- Sustainability Panel Q&A

BlueScope Introduction & Strategy

Mark Vassella (Managing Director and Chief Executive Officer)



DIVERSE AND TALENTED TEAM

Presenting over the next two days:

Mark Vassella
Managing Director &
Chief Executive Officer

Tania Archibald
Chief Financial
Officer

Gretta Stephens
Chief Executive Climate
Change and NZPI

Kristie Keast
Chief Executive People and
North American Development

Andrew Garey
Chief Strategy and
Transformation Officer

Pat Finan
Chief Executive Hot Rolled
Products North America

John Nowlan
Chief Executive
Australian Steel Products

Connell Zhang
Chief Executive
NS BlueScope

Xu Huang
President
BlueScope China

Susan Stark
President, BlueScope
Buildings North America

Alec Highnam
Chief Executive
BlueScope Buildings

Tim Rodsted
Head of Sustainability

Chris Page
Head of Future
Technologies

Deanne Howard
Head of Health, Safety
and Environment

Andrew Watson
Head of Group
Procurement

Gerald Cornelius
General Manager
Australian Steel Markets

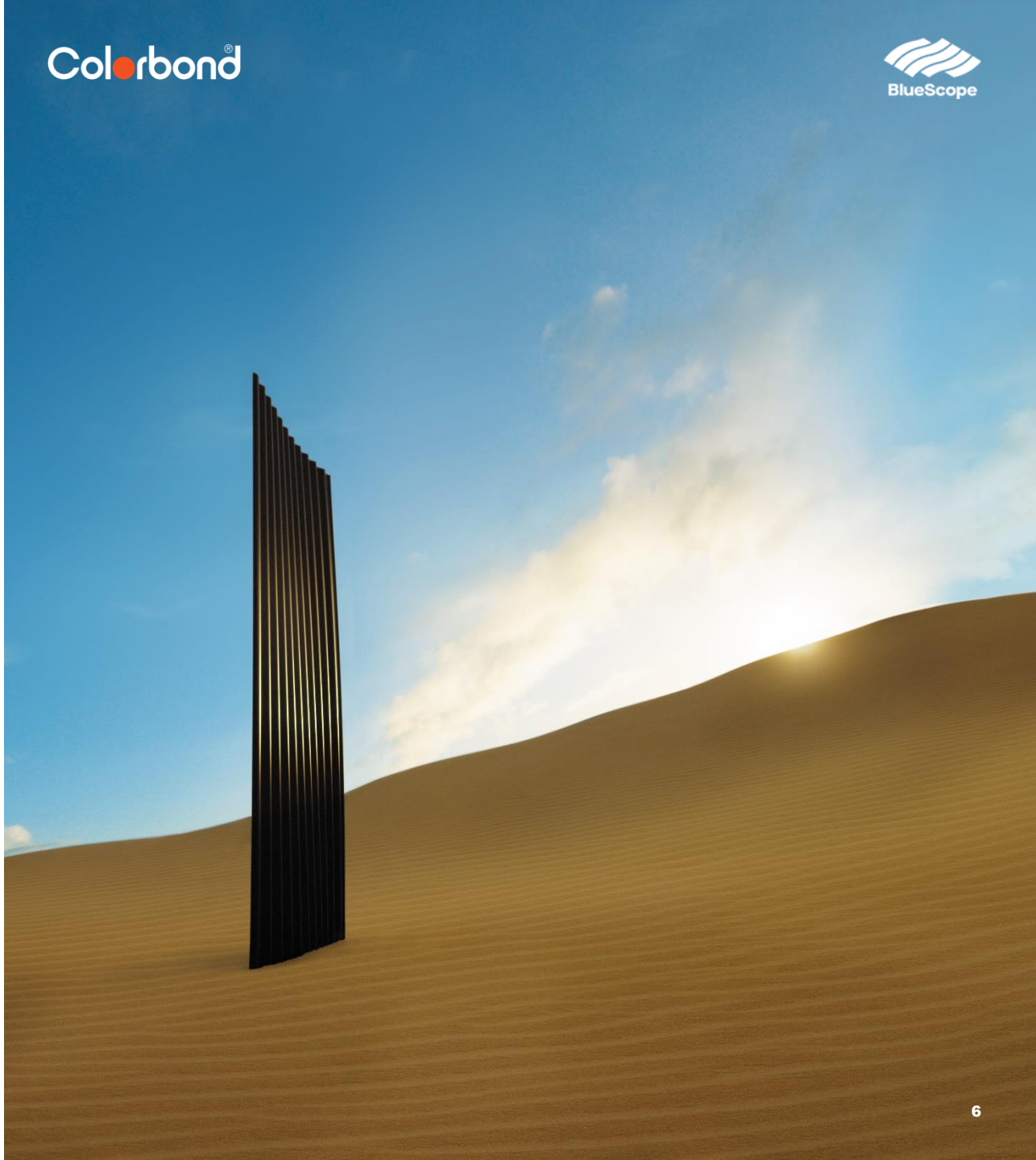
Kylie MacKenzie
Marketing Manager
Australian Steel Markets

Matt Roth
President BlueScope
Properties Group

BLUESCOPE: A DIFFERENT KIND OF STEEL COMPANY

What makes us different?

1. **PURPOSE-LED AND SUSTAINABILITY FOCUSSED**
2. **HIGH-QUALITY ASSET PORTFOLIO**
3. **LEADING PRODUCT TECHNOLOGIES, BRANDING & CHANNELS**
4. **FINANCIAL STRENGTH & COST COMPETITIVENESS**
5. **DEPLOYING FINANCIAL STRENGTH FOR LONG TERM SUSTAINABLE GROWTH AND RETURNS**



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 People
are our strength

Our Shareholders
are our foundations

Our Local Communities
are our homes

1 PURPOSE-LED AND SUSTAINABILITY FOCUSSED
FIVE KEY SUSTAINABILITY TOPICS

Climate action
Collaborate and act to reduce our impact on shared resources, mitigate climate risks and leverage opportunities

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

Responsible products and supply chains
Foster responsibility and collaboration in our operations and supply chains to provide smarter steel solutions

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

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

2 HIGH QUALITY ASSET PORTFOLIO
FAVOURABLE LONG TERM OUTLOOK FOR STEEL

1 **Recognition of steel as a critical input for the transition to a clean energy future** including wind turbines, solar power and transmission infrastructure

2 **Ongoing consolidation and rationalisation of capacity in the US steel industry** supporting enhanced supply-side discipline

3 **China's efforts to reduce steel exports and limit overproduction** improving regional industry conditions

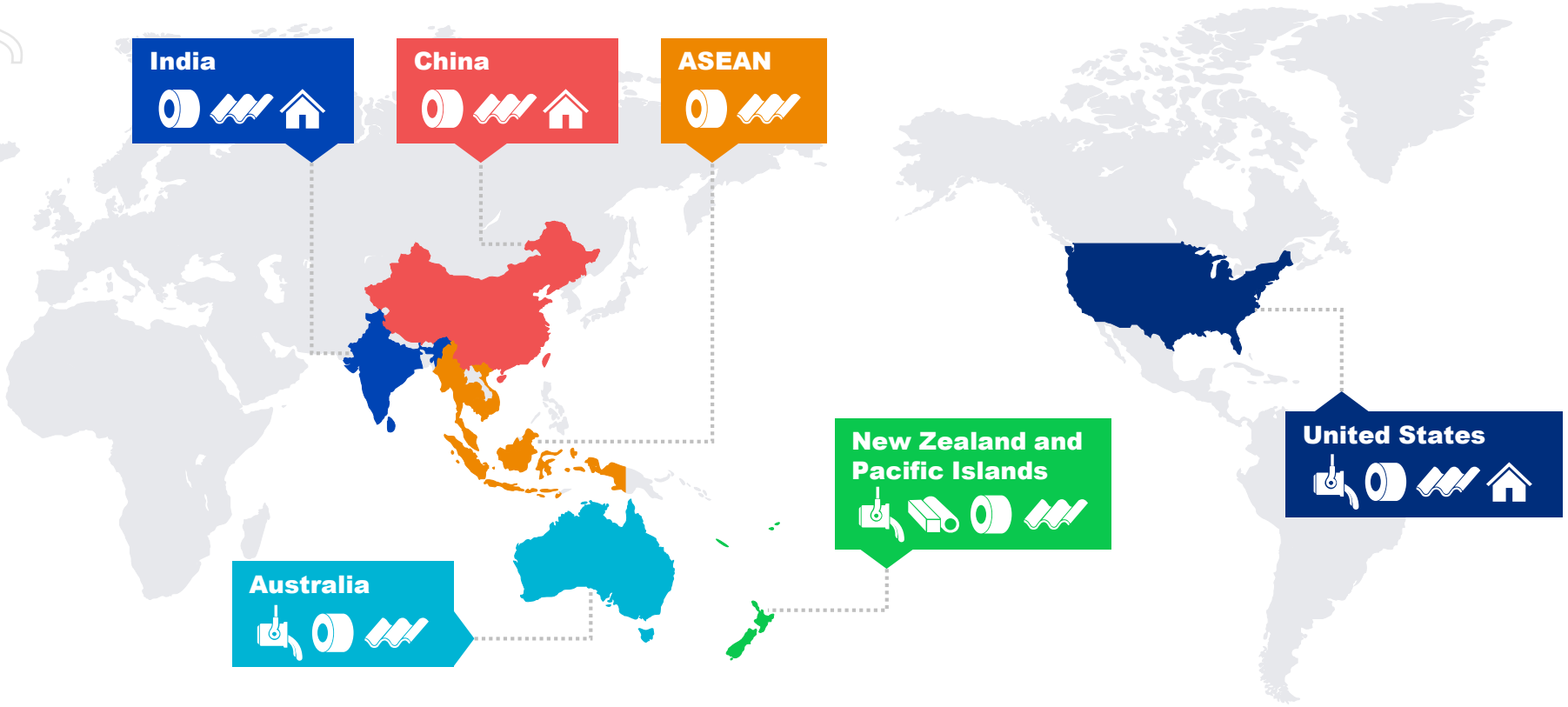
4 **Low interest rate environment and government infrastructure programs** supporting steel intensive building and construction

5 **Acceleration in the consumer shift in preference for lower density and regional housing**

6 **Acceleration in online shopping driving growth in steel intensive e-commerce infrastructure** (distribution centres, last mile logistics and data centres)

2 HIGH QUALITY ASSET PORTFOLIO

QUALITY ASSETS ACROSS LARGE AND GROWING MARKETS



- Strong operating leverage from diverse business portfolio
- Leader in metal coating and painting for building and construction
- Iconic industrial brand position of COLORBOND® steel
- Integrated and resilient Australian business delivering returns across the cycle
- North Star, one of the most productive and profitable mini-mills in the US
- Footprint across high growth Asian markets

Key

Steelmaking (flat products)

Metal coating and painting

Long products (rebar, wire)

Steel buildings and systems

Steel building materials and components

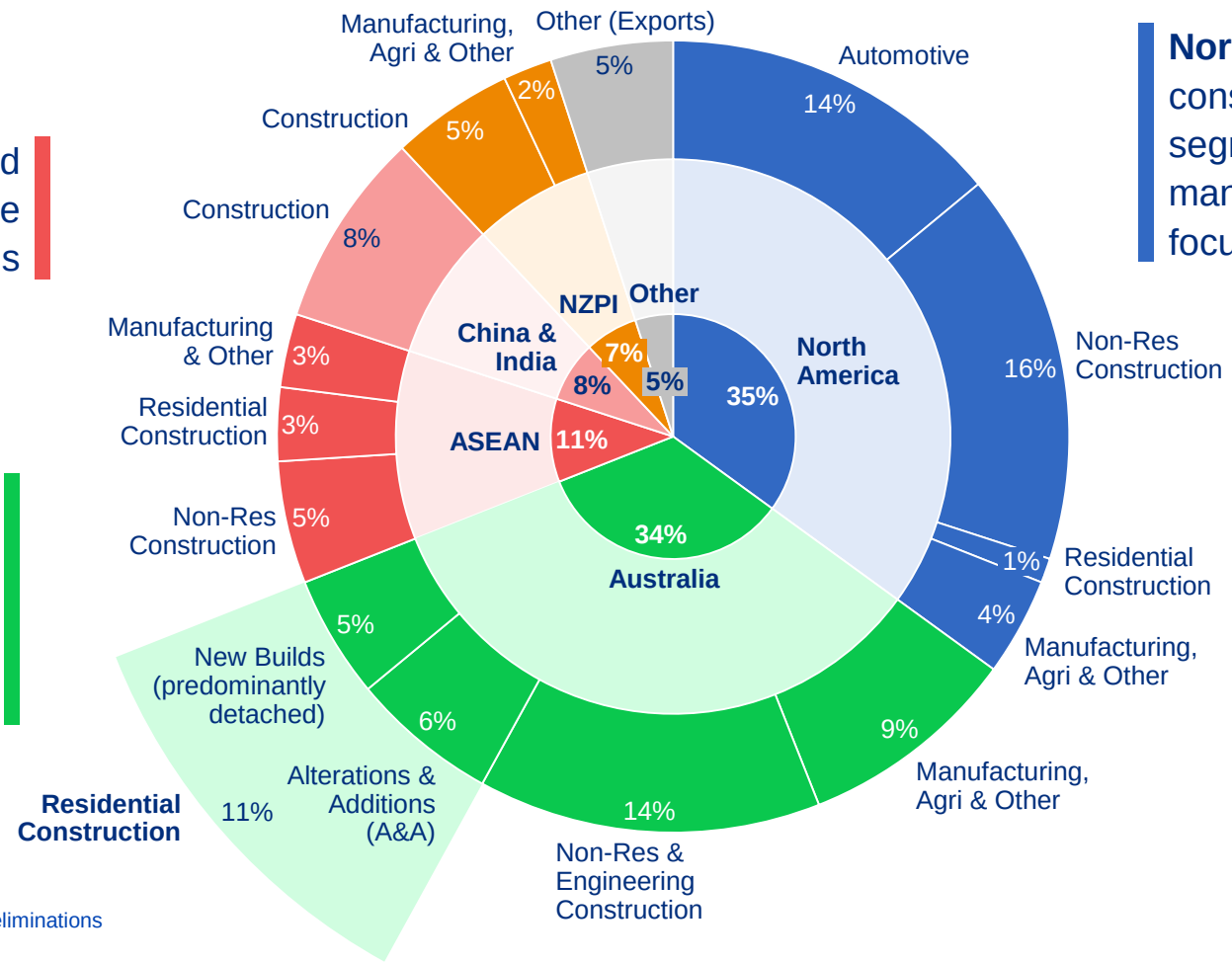
2 HIGH QUALITY ASSET PORTFOLIO
BROAD EXPOSURE TO END-USE SEGMENTS

Broad exposure across geographies, largely focused on the building and construction industry

BlueScope indicative despatch volume split by region and end-use segment[1]

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

Australian Residential: predominantly exposed to A&A and new detached dwelling construction, with limited exposure to multis



North Star: exposed mainly to the automotive, construction and manufacturing end-use segments; consistently sells all of the product it manufactures; high quality products and strong focus on customer service

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

1. FY2021 data, excludes intercompany eliminations

3 LEADING PRODUCT TECHNOLOGIES

Continued investment in research & development to maintain leadership in steel coating and painting technologies

Product Technology and Development Leadership

- Advanced pre-painted and metallic coating development for building, construction and home appliance markets
  - Development of the innovative COLORBOND® Matt steel paint finishes
  - Roll out of leading proprietary AM[1] metal coating technology within our footprint
- Technical product assessment methods providing deep understanding of product performance in both accelerated and real outdoor exposure conditions
  - In-house NATA certified product testing capability – building codes, standards, corrosion, durability

Process Innovation and Advanced Testing

- Continued focus on developing and improving production and design processes
  - Continuous coil painting process technology (e.g. high speed, inline MCL painting)
  - Collaborative innovation capabilities (including working with academia and third parties to innovate)
  - Development and management of intellectual property and know-how
  - Product design and innovation processes – including Design Thinking and Stage Gate processes

1. AM coating: Introduces magnesium into aluminium-zinc alloy (AZ) coating, which improves galvanic protection over AZ coating by activating the aluminium
   AZ coating: Steel with a protective alloy coating of zinc and aluminium to protect its steel base against corrosion

3 LEADING BRANDS AND CHANNELS

A portfolio of many well-known and respected names to support our premium branded positions; clear focus on knowing our end customers and maintaining strong channels to market

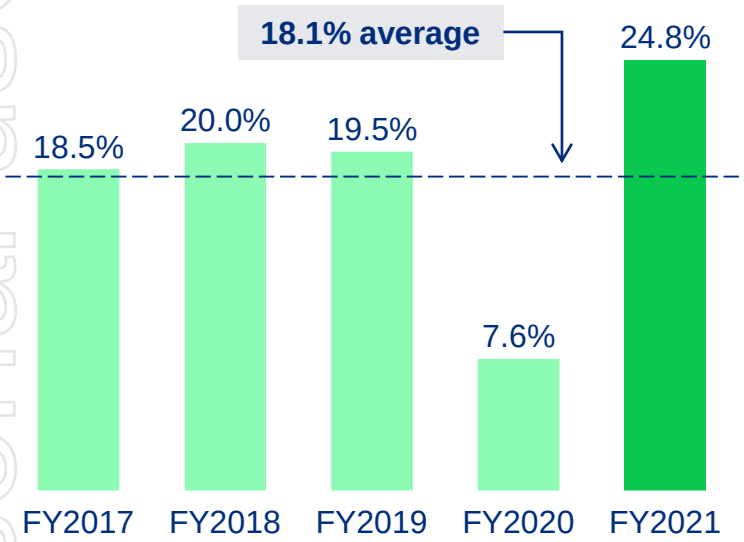
	Brands	Channels
Australia	Colorbond®, Zincalume®, Truecore®, TruSpec®	LYSAGHT, Orrcon Steel, METALCORP Everything in Steel, FIELDERS, BlueScope Distribution, IMPACT STEEL, RANBUILD Better sheds. Bigger choice.
New Zealand	COLORSTEEL®, Zincalume®, GALVSTEEL®, AXXIS® STEEL FOR FRAMING	PACIFIC STEEL® CERTAIN STRENGTH, STELTECH® OPTIMISED STEEL - SMART SOLUTIONS
Asia	clean Colorbond®, SÁC VIỆT®, durashine® TATA BLUESCOPE STEEL, BUTLER, BLUESCOPE Zacs®	LYSAGHT®, BUTLER®, TATA SHAKTEE, BLUESCOPE Zacs®
North America	BUTLER®, steelscape, VARCO PRUDEN, ASC® BUILDING PRODUCTS	BUTLER®, AEP SPAN®, VARCO PRUDEN, ASC® BUILDING PRODUCTS

4 FINANCIAL STRENGTH & COST COMPETITIVENESS

Guided by our Financial Framework

Returns Focus

Group ROIC[1] Performance (%)



Robust Capital Structure

~$800M NET CASH
at 30 June 2021

~$3.7Bn LIQUIDITY
at 30 June 2021

INVESTMENT GRADE
credit ratings

Disciplined Capital Allocation

- Invest to maintain **safe and reliable operations**, to support achievement of **decarbonisation pathways**, and in **foundation and new technologies**
- **Returns-focused process** with disciplined competition for capital between **growth projects** and **shareholder returns**

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

5 DEPLOYING FINANCIAL STRENGTH FOR LONG TERM SUSTAINABLE GROWTH AND RETURNS

Maintaining balance sheet capacity to secure sustainable future returns and invest in growth, whilst returning funds to shareholders

1 Positioning the business for a low carbon future

- 2050 net zero GHG goal[1]
- Initial five year climate investment program of up to $150M
- Established corporate Climate Change team

2 Investing over $1.5bn in long-term sustainable earnings and growth

- North Star expansion on track; debottlenecking option
- Australian intermaterial growth: additional metal coating capacity
- Expanding Properties Group
- US and NZ painting capacity
- Port Kembla reline

3 Increasing shareholder returns

- Increased annual dividend level, targeting 50 cents per share per annum[2]
- Announced buy-back of up to $500M

1. Achieving the 2050 net zero goal is dependent on the evolution of emerging and break-through technologies to viable, commercial scale; access to appropriate quality and quantities of raw materials in both the near and longer-term; access to affordable, firmed renewable energy; availability of appropriate volumes of competitively priced hydrogen from renewable sources, and public policy that supports investment in decarbonisation and avoids risk of carbon leakage.
2. 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.

CLEAR STRATEGY

OUR PURPOSE

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

OUR STRATEGY

TRANSFORM

DELIVER A STEP CHANGE IN CUSTOMER EXPERIENCE AND BUSINESS PERFORMANCE

Digital technology: Deliver the next wave of customer and productivity improvements through digital technologies

Climate Change and Sustainability:
Actively lowering emissions intensity and producing highly recyclable products

GROW

GROW OUR PORTFOLIO OF SUSTAINABLE STEELMAKING AND WORLD LEADING COATING, PAINTING AND STEEL PRODUCTS BUSINESSES

Grow our US business including expansion of North Star, the US's leading mini mill

Drive growth in the fast growing Asian region, from an outstanding suite of assets

Pursue incremental opportunities in Australia

DELIVER

DELIVER A SAFE WORKPLACE, AN ADAPTABLE ORGANISATION AND STRONG RETURNS

Deliver safe and sustainable operations and an inclusive and diverse workplace

Maintain an integrated and resilient Australian business

Secure the future of steelmaking in NZ

Deliver returns greater than the cost of capital through the cycle

Maintain a strong and robust balance sheet

Deliver strong returns to shareholders

Sustainability at BlueScope

Tim Rodsted (Head of Sustainability)

OUR APPROACH TO SUSTAINABILITY

Sustainability is at the core of all that we do

- Since BlueScope's inception, Our Bond has guided our 'stakeholders first' approach
  - We seek to understand what is important to our people, our customers, our shareholders and our local communities
- At our core, we are an organisation of engineers and problem solvers
  - We make decisions based on facts and data
  - We are motivated by the challenges we face
- We have a deliberate and enduring culture of authentic and meaningful engagement
  - Strong emphasis on open, two-way stakeholder engagement

COLLABORATION IS CORE TO OUR APPROACH

BlueScope is a small part of an enormous industry, yet has relationships with major players across the global steel value chain

Why is collaboration important?

- The global steel industry produces 1.6 billion tonnes annually; BlueScope produces 7 million tonnes
- Industry collaborates on technology (e.g. blast furnace copper stave issues)
- Steelmakers are an important part of longer value chain, collaboration with raw materials providers and customers is key to success
- Engagement with external research and development firms extends capability

Examples of collaboration initiatives

Technology partnerships

A range of partnerships with major steelmakers across the globe

Health and Safety approach

Collaboration has led to significant improvements in industry safety

Sustainable Supply Chains

NZ and Vietnam supplier / supply chain events

Industry initiatives (Steel sector papers)

IEA Iron and Steel roadmap, Net Zero Steel Pathway Methodology Project

Responsible™ Steel | standards & certification

- Played a foundational role in establishing ResponsibleSteel™, the steel sector's first global multi-stakeholder standard and certification programme
- The ResponsibleSteel™ Site Certification standard sets the new benchmark for industry stewardship, responsible performance and accountability.
  - Defines core considerations that support the responsible sourcing and production of steel
  - Strong focus on climate commitment, action and disclosure

KEEPING OUR STAKEHOLDERS UPDATED

We seek to provide transparent and meaningful disclosure of our approach and performance on material sustainability topics

History of BlueScope's sustainability disclosure

FY2002
BlueScope listed on the ASX
(as BHP Steel)

FY2004

First Community, Safety and Environment Report published

FY2014


People report first published

FY2016


First Sustainability Report published

FY2017


First report referencing TCFD and GRI standards

FY2018


First disclosure of scenario analysis and 2030 GHG intensity target

FY2019


First Tax Contribution Report published

FY2020

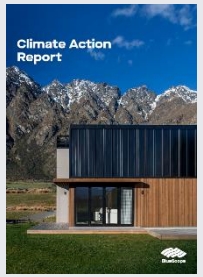
First Modern Slavery Statement published

FY2021

First Climate Action Report published

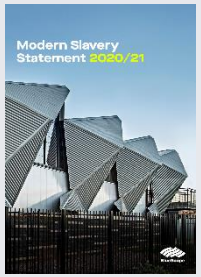
FY2021 Reporting Suite

FY2021 Annual Report



Climate Action Report

FY2021 Sustainability Report



Modern Slavery Statement

Tax Contribution Report

Sustainability Data Supplement

Climate Change Deep Dive

Gretta Stephens (Chief Executive Climate Change)
John Nowlan (Chief Executive Australian Steel Products)
Chris Page (Head of Future Technologies)

Pictured:
Coopworth House in Tasmania by FMD Architects featuring COLORBOND® steel
Photo: Dianna Snape

BLUESCOPE'S POSITION ON CLIMATE CHANGE

We acknowledge the scientific consensus on climate change and the objectives of the Paris Agreement, specifically in limiting global temperature rise this century to well below 2°C, and to pursue efforts to limit the temperature increase to 1.5°C

We believe...

- Steel will play a critical role in a low carbon future
- Our industry is a material GHG emitter
- Being in a hard-to-abate sector is not a reason for inaction
- We must work to reduce our emissions
- A mix of technologies will be needed
- Government policies must enable the transition
- Affordable and reliable renewable energy will be essential
- We must future-proof our operations and our communities against climate impacts

We will...

- Play a meaningful role in transitioning our own operations to a low-carbon economy
- Listen to and collaborate with our customers
- Participate in industry research
- Partner with others to develop solutions (where feasible)
- Encourage governments to adopt appropriate policies
- Consider the impacts on our stakeholders for a just and equitable transition
- Investigate how we can lead and support emissions reduction initiatives across our value chain

CLIMATE CHANGE STRATEGY

Climate action is a key component of our corporate strategy and guides our ongoing commitment to decarbonisation

Reduce our GHG emissions in response to evolving climate science, technology availability and key investment decisions

Create carbon-efficient and climate-resilient solutions for our customers

Increase our use of affordable and reliable renewable energy

Use quality and cost-effective carbon offsets, only where direct abatement is not feasible

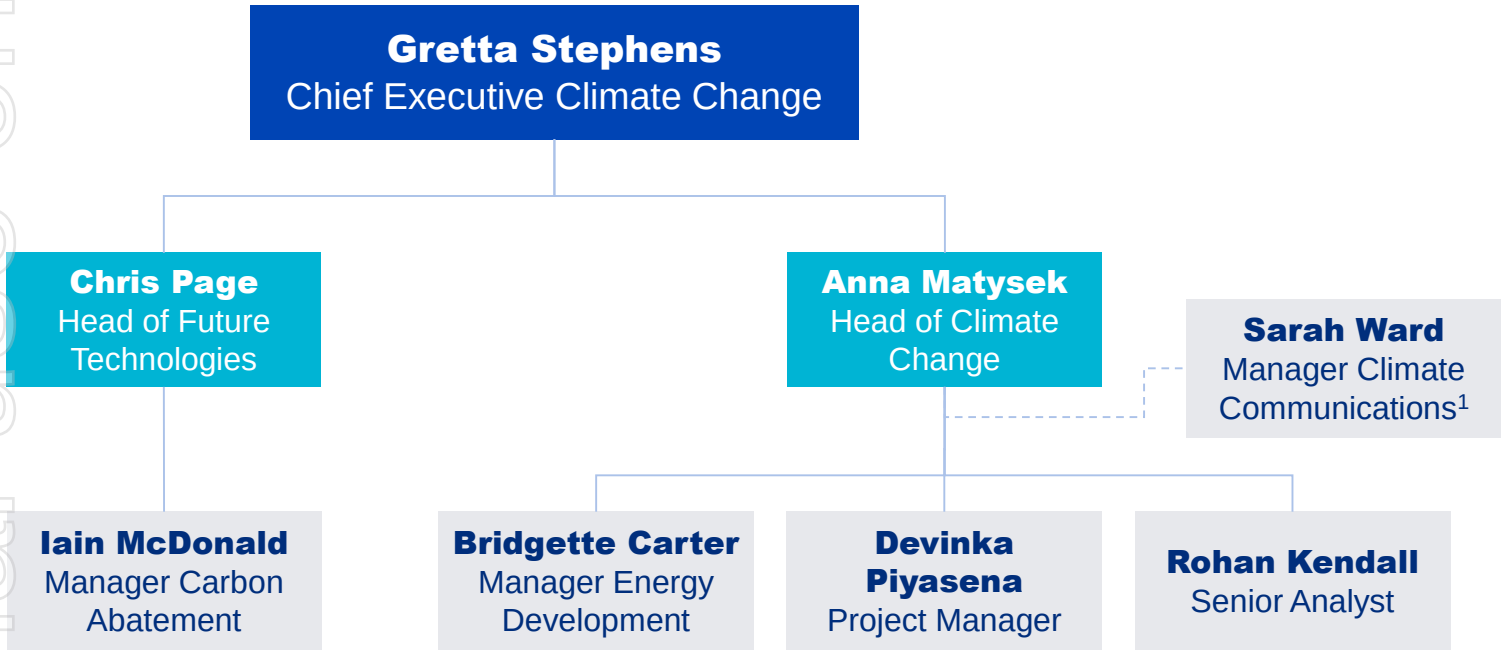
Making the case for local, sustainable steel in our communities

Monitor, manage and engage

ESTABLISHED CLIMATE CHANGE TEAM

Capable and talented team lead by the Chief Executive Climate Change supports the Board and ELT in developing and implementing BlueScope's climate strategy

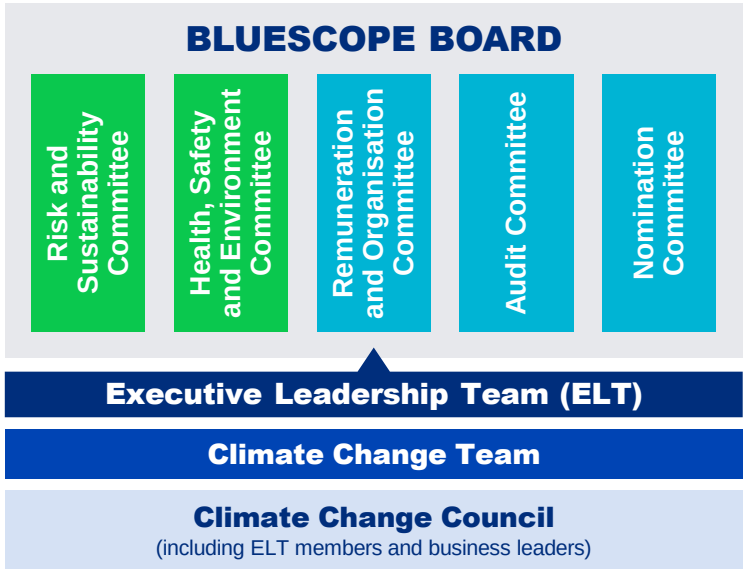
Climate Change Team



- Roles filled by subject matter experts from both within and outside BlueScope
- Responsible for overseeing a diverse portfolio of climate-focussed projects, from emissions abatement to energy sourcing strategies

Climate Governance

- Board incl. through the Risk & Sustainability Committee oversees all climate-related matters
- Day-to-day accountability rests with the ELT, incl. Chief Executive Climate Change
- The Climate Change Council supports the Board, ELT and Climate Change Team



1. Role reports to BlueScope Executive Vice President Corporate Affairs, with dotted line into Head of Climate Change

SCENARIO ANALYSIS AND RISK ASSESSMENT

Scenario analysis indicates BlueScope's business performance remains strong if low emissions iron and steel technologies are commercially available no later than 2040-2050

- Scenario analysis allows us to test the resilience of our strategy and operations under different climate trajectories
- Assessed implications for BlueScope under five scenarios
  - **Analysis indicates BlueScope can play an essential role in the transition to a low-carbon economy**
- Physical risk assessment to test site exposure to climate-related hazards. Findings indicated:
  - Risk exposure profile does not increase significantly until after 2050[1]
  - From 2050, this risk profile is expected to increase
  - Results will be used by our engineering teams; however, do not expect significant capital requirements to 2050

Scenario overview

	Early green technology	Customer led transformation	Two speed world converges	Investor and public persuasion	Global inaction
Temp by 2100	~1.5°C	~2.0°C	~2.0°C	~3.0°C	~4.0°C
Description	Significant shifts in US policy triggers comprehensive, **global cooperation** and **breakthroughs** in hydrogen and other 'green' **technologies**	Customers in advanced economies **preference green steel** while the rise of substitutes erodes total demand for steel	**Global action splits** into highly ambitious jurisdictions vs large number of lower ambition/ limited action jurisdictions before rapidly converging	Investors and financiers **increase cost of capital** for high-emission businesses in response to the public's expectations	Nationalist interests trump global policy action as most major governments **focus on adapting** to climate change
Pace of change					
Global policy heterogeneity	→	↣	↣	↣	⤡⤢
Global steel demand[2]	→	↓	→	↑	↑
Capital premium for high-emitters	$$	$$	$$	$$$	$
Green steel breakthrough	2020-30	2030-40	2030-40	2030-40	–

1. Based on the two climate scenarios examined (RCP2.6 and RCP 8.5).
2. Based on the assumptions outlined in the Stated Policies Scenario (STEPS) and Sustainable Development Scenario (SDS) scenarios in the IEA's Iron & Steelmaking Technologies Roadmap.

NET ZERO GOAL AND DECARBONISATION ENABLERS

BlueScope has set the goal of net zero GHG emissions by 2050

This goal applies to all of our global operational Scope 1 and 2 GHG emissions[1], and is dependent on several enablers:

Technology evolution

Evolution of emerging and breakthrough technologies to viable, commercial scale

- R&D underway to find a way to produce virgin iron without fossil fuel based reductants
- Breakthrough technologies not yet commercially viable; commercialisation is still a way off

Renewable energy

Access to affordable, firmed renewable energy

- Critical to the commercial viability of the industry given its energy intensity
- Low-carbon technologies reliant on low cost renewable energy
- Current generation capacity predominantly less than 50% renewable

Hydrogen availability

Availability of competitively priced hydrogen from renewable sources

- Green hydrogen, from renewable energy, provides greatest opportunity
- Until green hydrogen is commercially available at scale, DRI projects will use natural gas

Raw material supply

Access to appropriate quality and sufficient quantities of raw materials

- Not enough prime scrap is available for scrap-based EAF production to supply all future demand
- DRI grade ores suitable for EAF use represent less than 15% of current seaborne ores

Policy support

Policy that supports decarbonisation investment & avoids carbon leakage

- Policy is critical to assist investment in abatement and ensure a level playing field
- Also needed to support R&D and industry and product stewardship

1. The Climate Action Report contains further details on the Scope and boundaries of our net zero goal.

OUR SHORT AND MEDIUM TERM TARGETS

2030 targets now cover 98% of Group Scope 1 and 2 GHG emissions

Steelmaking target

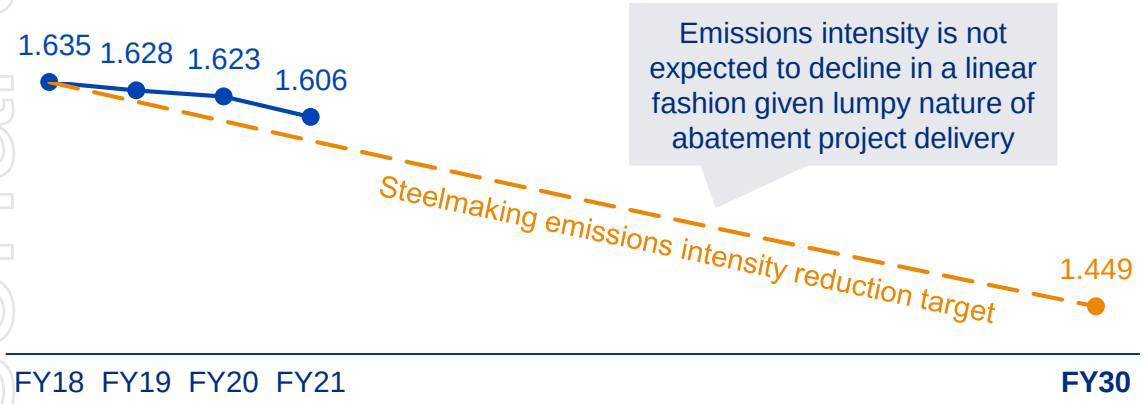
- Target 12% improvement in Scope 1 and 2 GHG emissions intensity by 2030 on 2018 baseline, at a target average run-rate of 1% year on year
- BlueScope continues its pursuit of emissions reduction projects in line with this target, achieving a 1% reduction in GHG emissions intensity in FY2021

Non-steelmaking target

- Targeting 30% improvement in Scope 1 and 2 GHG emissions intensity across our midstream operations by 2030 on 2018 baseline
- Applies to our midstream activities, which include our cold rolled, metal coating and painting lines and long and hollow products

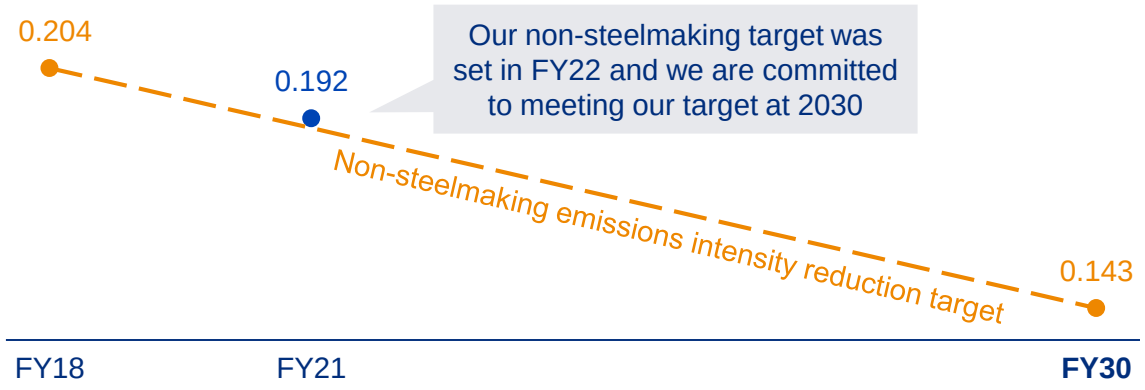
GHG emissions intensity[1]

(Steelmaking facilities, tCO_2-e per tonne raw steel)



GHG emissions intensity[2]

(Non-steelmaking facilities, tCO_2-e per tonne of steel despatched)



1. Due to updates to electricity emission factors for our North Star facility and the introduction of our non-steelmaking target and associated updates to our integrated steelmaking facility reporting boundaries, the FY2018 steelmaking GHG emission intensity baseline has been updated.
2. Tata BlueScope Steel's Jamshedpur site has not been included in the reported data for this metric.

STEEL IS AN ESSENTIAL MATERIAL, CRITICAL TO A LOW CARBON FUTURE

We see a strong future for steel, as it is a critical foundation for sustainable economic development and in the transition to a low-carbon society

Steel is an essential material

Steel is used in every aspect of our lives

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

Steel underpins sustainable development

- Can be recycled over and over again making it important in a circular economy
- Underpins the transition to renewable energy and increasing electrification

Steel contributes to economic prosperity[1]

- Supports direct employment for over 6 million people; 50 million people indirectly
- Current demand for steel equates to 225kg per person per year
- Global demand expected to increase for decades, driven by emerging economies

The technology challenge

- Abatement is fundamentally a technology challenge as the chemical reaction to reduce virgin iron from iron ore requires carbon
- Demand for steel will continue to grow, and there will not be enough scrap steel to supply this demand via the EAF production route
  - A particular challenge for flat products production in Australia
- Whilst breakthrough low-carbon iron and steelmaking technologies are in development, they are yet to be commercially viable at scale
- Industry abatement is challenged by long-lived, high cost capital assets and exposure to international trade

1. Source: Worldsteel Association – more information is available at https://www.worldsteel.org/about-steel/steel-facts.html

LOW CARBON STEELMAKING REQUIREMENTS

Our decarbonisation pathway analysis considers the need for:

1. Availability of sufficient quantities of prime quality scrap, which is required for scrap EAF flat steel production
2. Availability of iron ore of suitable concentration and purity, which is required for DRI production
3. Access to reliable and affordable renewable energy, which is critical to commercial viability
4. Low-cost green hydrogen, which will underpin decarbonisation

1 SUFFICIENT QUANTITIES OF PRIME QUALITY SCRAP ARE REQUIRED FOR SCRAP EAF FLAT STEEL PRODUCTION

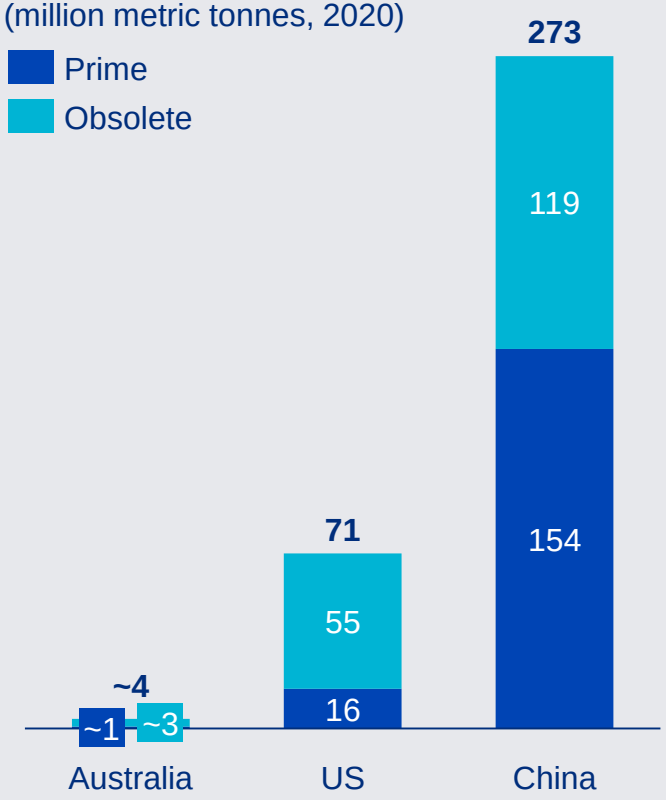
Why is it important?

- Scrap for steelmaking is typically broken down between prime grades, which are generally sourced from manufacturing by-products, and obsolete scrap, e.g. post-consumer recycling[1]
- Typically flat steel production requires a higher proportion of prime scrap, relative to long products production, in order to deliver specific surface or re-rolling grade requirements
  - Higher proportions of post-consumer recycled (obsolete) scrap can however be used in long steel products (reinforcing, wire, etc),

What is the current status in Australia?

- Australia has approximately four million tonnes of annual merchant scrap arisings, the vast majority of which are obsolete grades, reflecting Australia's relatively small manufacturing base (compared to say the US Midwest)
  - Merchant scrap arisings are dispersed geographically across the country
  - Approximately half of Australia's merchant scrap arisings are currently used by existing steel making facilities, predominantly for long products, with the rest exported
- Scrap availability depends on the stock of steel currently reaching the end of its useful life, which is typically up to 50 years

Scrap Arisings[2]
(million metric tonnes, 2020)



1. Prime is generated in the manufacturing process from offcuts, clippings, etc. Obsolete scrap comes from end-of-life used products that have been recycled
2. Source: CRU, BSL Analysis

2 IRON ORE OF SUITABLE CONCENTRATION AND PURITY IS REQUIRED FOR DRI PRODUCTION

Why is it important?

- Unlike in blast furnace production, raw materials in the DRI process remain solid, meaning impurities are harder to remove
- EAF-quality DRI requires higher grade ores – with higher iron content (>67%) and a low level of contaminants. These characteristics are typically found in beneficiated magnetite.
- Hematite ores can be used in the DRI process, however require additional processing via a melter. This adds significant capital and operating costs.

What is the current status in Australia?

- DRI grade ores suitable for ready use in an EAF, i.e. beneficiated magnetite ores in the form of DRI-grade pellets, represent less than 15% of current seaborne ores. Whilst this proportion will inevitably increase, it will only support a small proportion of global steel production
- The Australian iron ore industry is dominated by hematite ores, which are most suitable for mining and shipment and use in blast furnaces, but less so for DRI application
- Hematite ores require additional metallurgical processing post DRI, which is under investigation by various parties
- Melting and refining post DRI to produce liquid iron feed into a BOF is currently being examined
  - This could enable current BF-BOF process to be adapted to a DRI-Melter-BOF process using more readily available ore types

Magnetite Ore
Fe_3O_4

Hematite Ore
Fe_2O_3

Direct Reduced Iron

3 RELIABLE AND AFFORDABLE RENEWABLE ENERGY IS CRITICAL

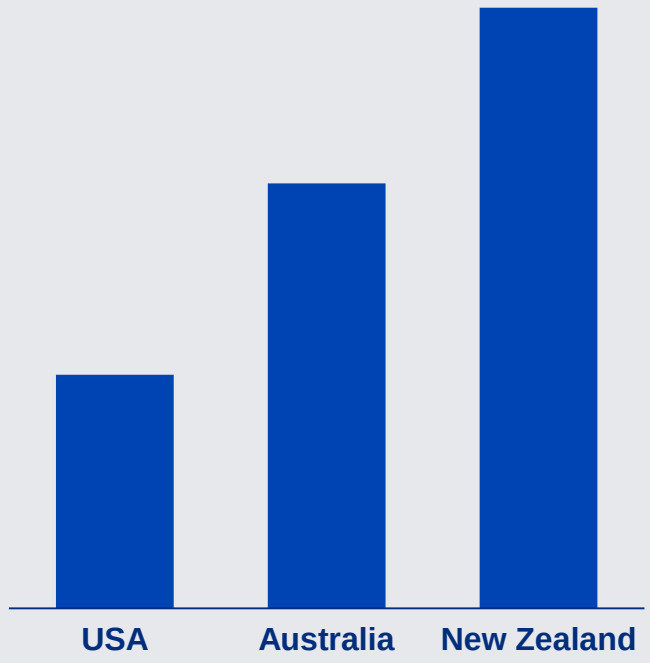
Why is it important?

- Low cost reliable energy is critical to the commercial viability of iron and steelmaking technologies, particularly EAF and hydrogen DRI production given their energy intensity
- Access to affordable, reliable renewable electricity is a critical enabler of decarbonisation:
  - Reducing Scope 2 emissions from existing steelmaking facilities
  - Reducing the cost of green hydrogen production sufficiently to bring it into the range of commercial viability for ironmaking (DRI production and / or blast furnace tuyere injection)
- The hydrogen DRI EAF process requires over ten times the amount of electricity currently used in the BF-BOF process

What is the current status in Australia?

- Prices paid by our Australian operations for electricity and gas are approximately double those paid by our US steelmaking operation
- The renewable share of Australian electricity generation was 28% in 2020
- Reliability of renewables and energy storage remains a critical challenge given iron and steelmaking processes require 24-hour operations
  - Evolution of renewable generation and energy storage technologies will be key enablers

BSL Average Cost of Electricity
(US$ per megawatt hour, 2020)



4 LOW COST GREEN HYDROGEN WILL UNDERPIN DECARBONISATION

Why is it important?

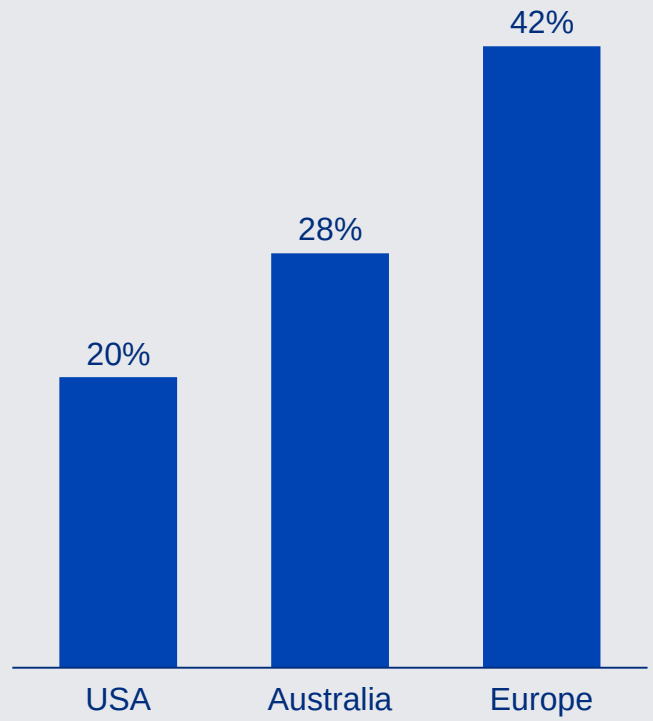
- Hydrogen may replace carbon (from metallurgical coal) as a reductant in the process of transforming iron ore to iron in DRI and as a partial replacement for pulverised coal in blast furnace injection
- Green hydrogen, produced from renewable energy, provides a compelling opportunity for the steel industry to decarbonise
- 70% of the world's steel is made through the BF-BOF route. DRI-Melter-BOF provides a potentially capital efficient pathway to decarbonisation as it potentially utilises existing BOF and Caster assets
- However, until green hydrogen is commercially available at scale, current / proposed DRI pilot projects of scale will continue to use natural gas

What is the current status in Australia?

- Natural gas is expensive, and hydrogen is not yet a feasible replacement for natural gas:
  - There is currently no at-scale production of green hydrogen. The development of green hydrogen production to a commercial scale is currently in its infancy in Australia, and across the globe
  - As a replacement for natural gas, even if green hydrogen can be produced at the Federal Government's stretch target of $2/kg ($16/GJ), the cost would still be materially above the current cost of natural gas
  - To be a partial economic substitute for coal in the blast furnace, hydrogen would need to be below $1/kg
- Significant investment in an Australian hydrogen industry and supporting infrastructure is required to deliver economic hydrogen supply. This will likely take a number of investment cycles as well as continued supportive policy from Governments

Share of Renewables

(Renewable % of Total Generation, 2020)

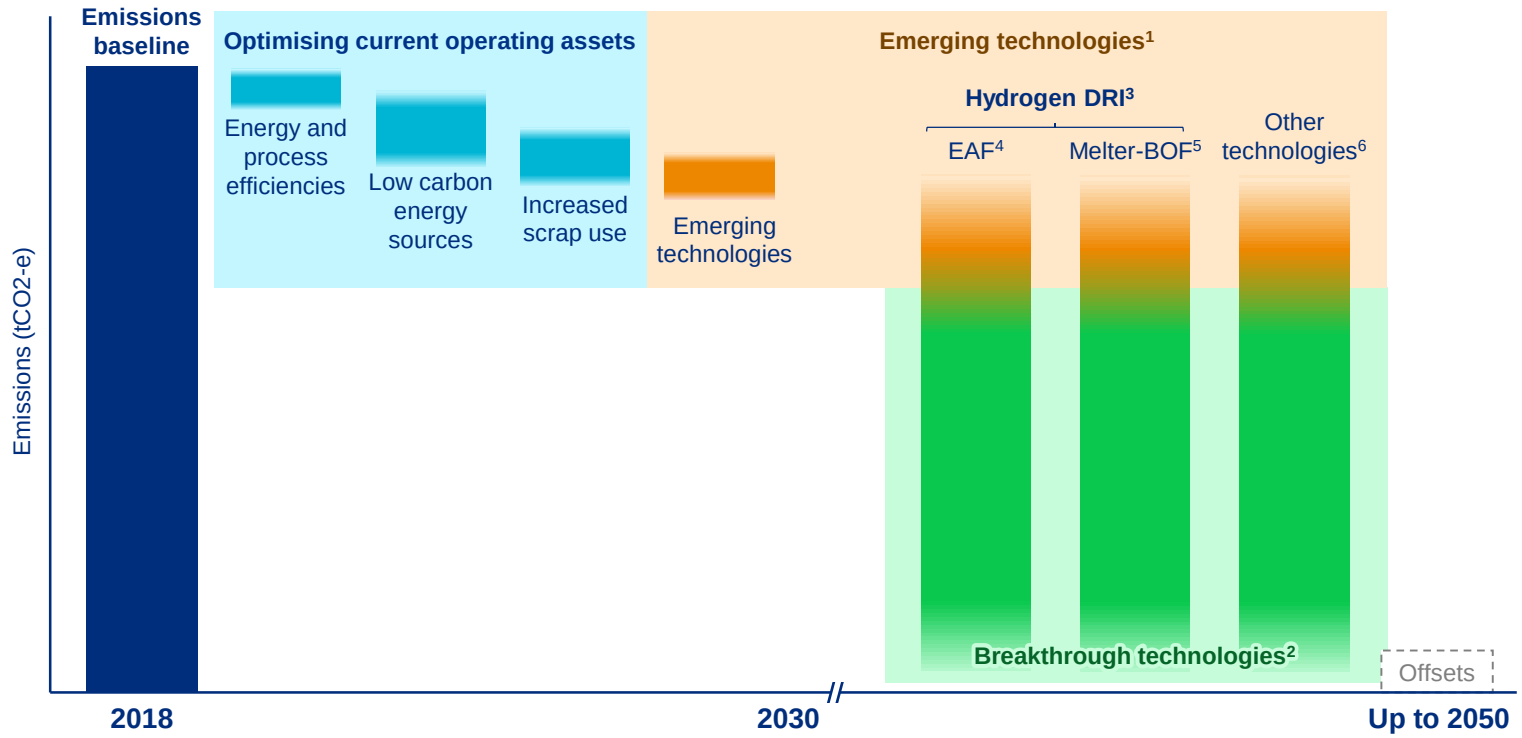


OUR INDICATIVE DECARBONISATION PATHWAY

Strong future for steel in a low-carbon world; emerging and breakthrough technology, renewable energy and supportive public policy will be key enablers

- Immediate focus on optimising current operating assets, whilst progressing development of emerging technologies
  - A range of projects underway to reduce emissions intensity
  - Includes technologies incorporated in the Port Kembla reline assessment and in creating optionality for emerging technology
- Industry decarbonisation will be enabled by emerging and breakthrough technology, once proven and scalable
  - We expect the development of these technologies to continue over the current and following decade, with significant take-up across the steel industry predicted to occur into the 2040s
  - BlueScope will seek to play a part in the research and development of technologies including via partnerships

Indicative iron and steelmaking decarbonisation pathway



1. Emerging technologies refers to demonstrated technology that is commercially available but requires further application to integrated steelworks, such as biochar, blast furnace hydrogen injection, etc.
2. Breakthrough technologies refers to technology not yet commercialised, currently at concept or pilot stage, or not yet applied to integrated steelworks.
3. Contingent upon commercial supply of hydrogen from renewable sources.
4. Requires suitable high-grade ores, estimated at less than 15% of available ores and access to cost-effective energy sources.
5. 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.
6. Other technologies include CCUS, electrolytic reduction, etc.

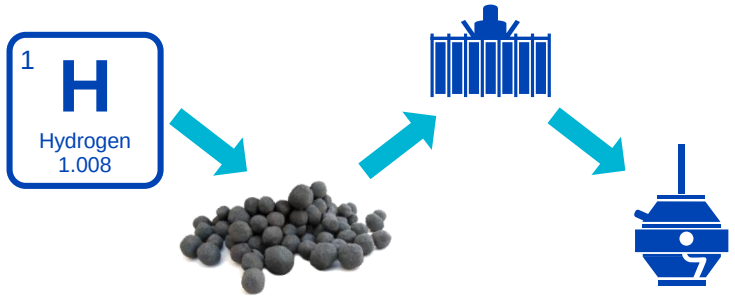
BREAKTHROUGH TECHNOLOGIES

Direct Reduced Iron (DRI) is the term given to a group of processes for making iron from ore. In order to be converted into steel, DRI needs to be further processed in an EAF or Basic Oxygen Furnace

Hydrogen DRI-EAF

- Replaces natural gas in DRI production stage with hydrogen
- Not yet commercially viable at scale, however is a technically feasible low-carbon iron production method
- Requires specific iron ore grades for DRI (less than 15% of current seaborne ores)
- Relies on supply of appropriate volumes of green hydrogen at affordable rates

Hydrogen DRI-Melter-BOF



- Could potentially use lower-grade ores (i.e. hematite ores predominant in the Pilbara)
- Melter used to remove the unwanted material (gangue) from the hematite ore
- Enables existing BOF-Caster configuration to continue to be utilised
- Relies on supply of appropriate volumes of green hydrogen at affordable rates

Others

- **Direct electrolysis** uses electric current to reduce iron ore to liquid iron
  - Early-stage technology currently undergoing small pilot trials internationally
- **Carbon Capture Use / Storage CCUS** captures waste CO_2 from large point sources to :
  - Use as an input to a range of products (e.g. chemicals, fuels, building materials)
  - Transport and deposit it at a storage site (usually deep underground)
  - CCUS will likely play a part in decarbonisation, but is not the solution

PORT KEMBLA STEELWORKS FURNACE RELINE

Investigating emissions reduction options whilst securing a reliable iron supply for Port Kembla; reline provides optionality to switch to low-carbon technology once available

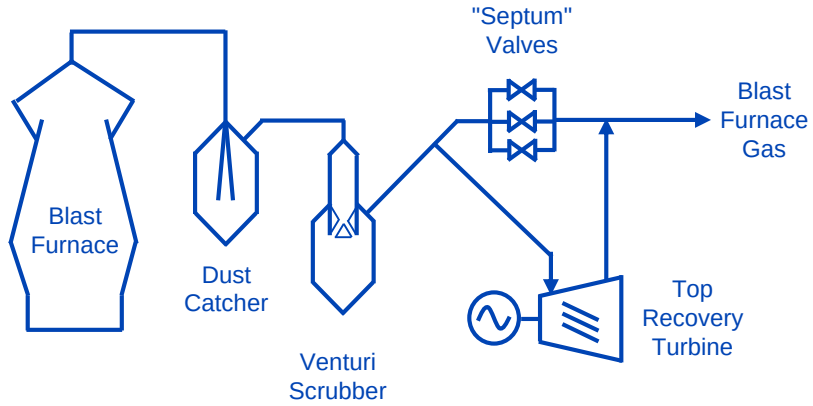
- Port Kembla steelworks currently operates one Blast Furnace (5BF) which is predicted to reach the end of its campaign between 2026 – 2030
- Reline currently the most technically feasible and economically attractive option as longer-term breakthrough low-emission technologies will remain under development over the coming decade
- Initial focus is on the option to reline the currently mothballed 6BF, including evaluation of measures to reduce carbon emissions intensity
  - Includes evaluation of energy capture and reuse along with potential for biochar as a feed material
- Strong earnings and cash flow capability of ASP provide significant flexibility and optionality to adopt new technologies in the medium to longer term, as and when commercially ready

EXAMPLES OF CARBON TECH IN THE RELINE

Assessing technologies to improve emissions performance of the relined 6BF

BF top recovery turbine

- Utilises the pressure and thermal energy of blast furnace gases as they leave the furnace to generate electricity
- Technology is proven, with modest capital cost to install



Biochar replacement of fossil carbon

- Studying possible use of charcoal produced from forestry and construction waste to replace Pulverised Coal Injection (PCI)
- R&D was previously conducted by BlueScope and other industry participants with CSIRO
- Biochar is used as a reductant in some iron and steel plants overseas (e.g. Brazil)
  - Use in Australia will require the development of an economic biochar supply chain from wood-based waste
- Biochar trials are planned with the University of Wollongong

WORK CURRENTLY UNDERWAY

A solid pipeline of projects across the business to be assessed in pursuit of our targets and goal

Steelmaking Sites

Port Kembla, AU

- Increased scrap usage
- Further sourcing of renewable energy
- 23 turbo alternator
- LDG[1] collection and use
- BlueScope Climate Investment Fund supporting progress of concept studies into above projects; pipeline continues to build

North Star, USA

- Progressing analysis for medium-term supply of renewable or low emissions electricity – noting current energy mix includes nuclear
- Low NOx burners
- North Star expansion: more scrap

Glenbrook, NZ

- Increase scrap usage
- Coal consumption & blend optimisation
- Process gas automation
- Yield improvement – in-line recycling of kiln accretion
- Induction melting furnace

Non-Steelmaking Sites

- Operational efficiencies and productivity improvements
- Energy efficiencies
- Renewable energy solutions

1. Linz-Donawitz Gas, the off-gasses produced by the basic oxygen steelmaking furnace (BOS)

CLIMATE INVESTMENT PROGRAM

Near term action underpinned by five-year climate investment program of up to $150M

Five Year Climate Investment Program

Initial climate investment program of up to $150M over the next five years[1]

Optimising current operating assets	Emerging technologies	Breakthrough technologies

Key Focus Areas

Optimising current operating assets

- Raw material resource efficiencies (e.g. increased scrap usage)
- Waste heat and gas recovery and utilisation
- Increase procurement of reliable renewable energy

Emerging technologies

- Progress concept studies into emerging emissions improvement technologies, e.g.
  - pilot electrolyser to accommodate hydrogen injection into the blast furnace
  - biochar coal replacement
  - scrap melting technology to drive significant increase in scrap usage
  - indigenous gas collection and utilisation
- Creating optionality for incorporating emerging technologies e.g. Port Kembla reline project
- Funding in place to progress R&D

Breakthrough technologies

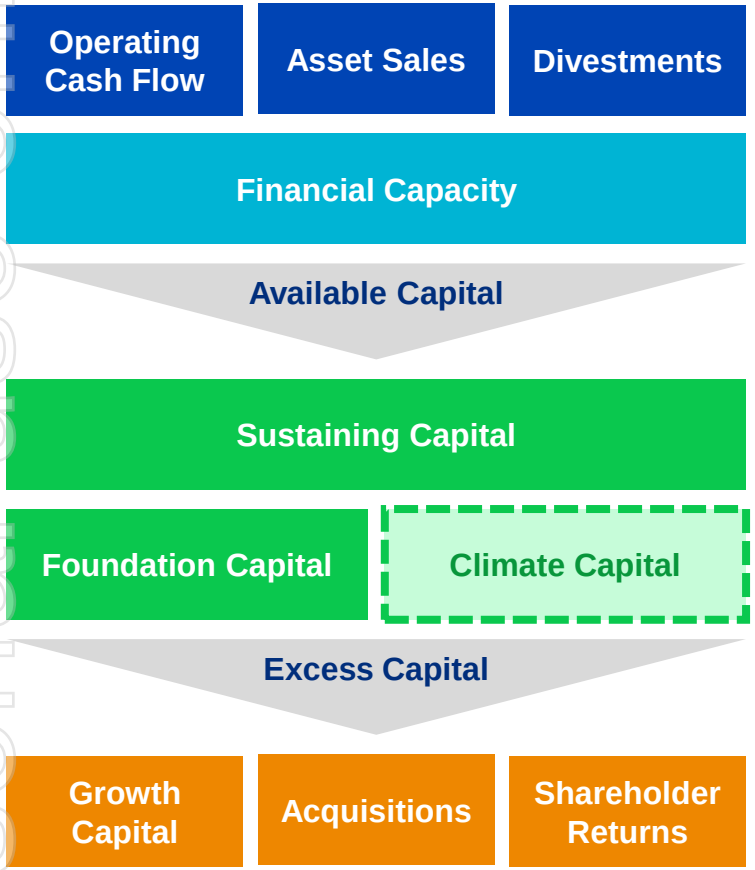
- Industry and government partnerships and collaborations focussed on breakthrough technologies
- Direct equity investments
- Involvement in breakthrough projects (e.g. piloting technologies)
- Funding in place to progress R&D

1. Investment timing dependent on feasibility of key projects and unlikely to be linear.

CAPITAL ALLOCATION CONSIDERATIONS

Capital Allocation Framework evolved to better integrate climate-related considerations

Capital Allocation Framework



Climate capital

- Includes projects to support achievement of decarbonisation pathways and GHG emission reduction targets and goal
- Considered critical in maintaining BlueScope's long-term sustainability
- Prioritised ahead of growth investments and shareholder returns where appropriate
- Investments must have an appropriate commercial overlay to ensure decarbonisation is pursued in the most capital efficient manner

Carbon pricing assumptions

- Assessment of all major investment decisions against the climate scenarios
- Incorporates carbon pricing assumptions by key region over time
- Considers capital availability and cost and varying steel demand and margin outlooks

Climate Change Q&A Panel

Mark Vassella (Managing Director & Chief Executive Officer)
Tania Archibald (Chief Financial Officer)
Gretta Stephens (Chief Executive Climate Change)
John Nowlan (Chief Executive Australian Steel Products)

Sustainability Update

Kristie Keast (Chief Executive People & North American Development)
Tim Rodsted (Head of Sustainability)
Deanne Howard (Head of Health, Safety and Environment)
Andrew Watson (Head of Group Procurement)

Pictured:
New lodges built along the Three Capes Track in Tasmania featuring COLORBOND® steel
Photo: Brett Boardman

FY2021 SUSTAINABILITY PERFORMANCE

Embedding sustainability in all that we do

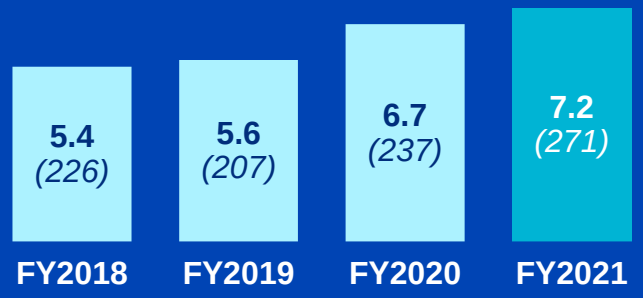
Safety

1,026 Leaders involved in our global HSE risk management program to date

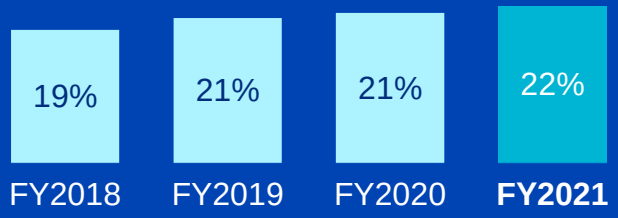
100% Board and ELT participation in HSE risk management program

>400 Team-based risk control improvement projects completed across the business

TRIFR
(Number of injuries)



Inclusion and Diversity



Female workforce participation

Sustainable Supply Chain

230 Priority Suppliers

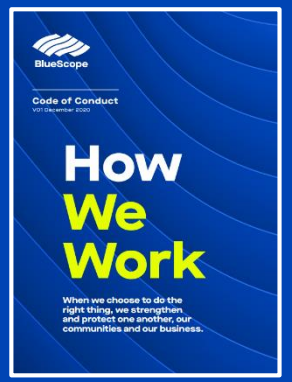
Completed Engage, Assess & Improve

Community

Pandemic focus

Support for PPE, foodbanks, funds

Launched refreshed code of conduct



As previously disclosed, the ACCC has commenced civil proceedings against BlueScope and a former employee alleging contraventions of the Australian competition law cartel provisions. These civil proceedings remain ongoing

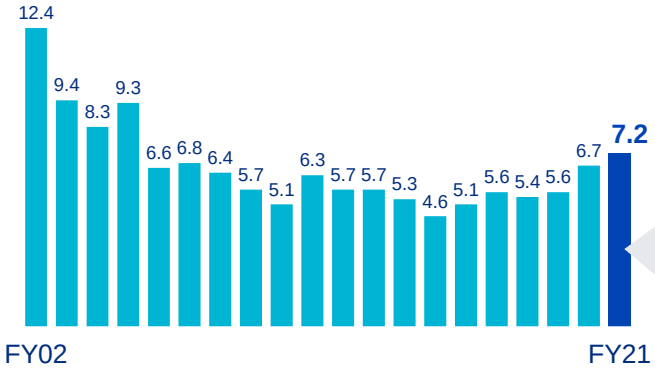
HEALTH AND SAFETY

Safe and inclusive workplaces are integral to the way we do business

- Whilst lagging indicators improved markedly in BlueScope's early years, performance has since plateaued
  - Recent performance has deteriorated as complexity from unprecedented demand in combination with COVID-19 emerged across operations
- BlueScope has evolved its approach to reflect the inclusivity of its culture by enhancing capability and capacity,
  - Focus on reduction in severity, both actual and potential

TRIFR

(total recordable injury frequency rate, per million hours worked)



271 Injuries across 14,000 employees and 5,000 contractors

66% Of injuries were sprains, strains and lacerations

EVOLVING OUR APPROACH

Evolving our approach to drive a step change in performance

Our evolved approach means we:

- Focus on the presence of capacity in systems and processes rather than an absence of incidents
- Have a human-centred approach to risk management that encourages learning
- Learn from the people who make and handle our products to understand what is working and where we can improve
- Empower our people to be problem solvers to help identify and drive better ways to work
- Recognise that human error is inevitable and the importance of strengthening controls to be tolerant to human error and resilient enough to recover when things go wrong (i.e. building capacity)

Evolving our metrics

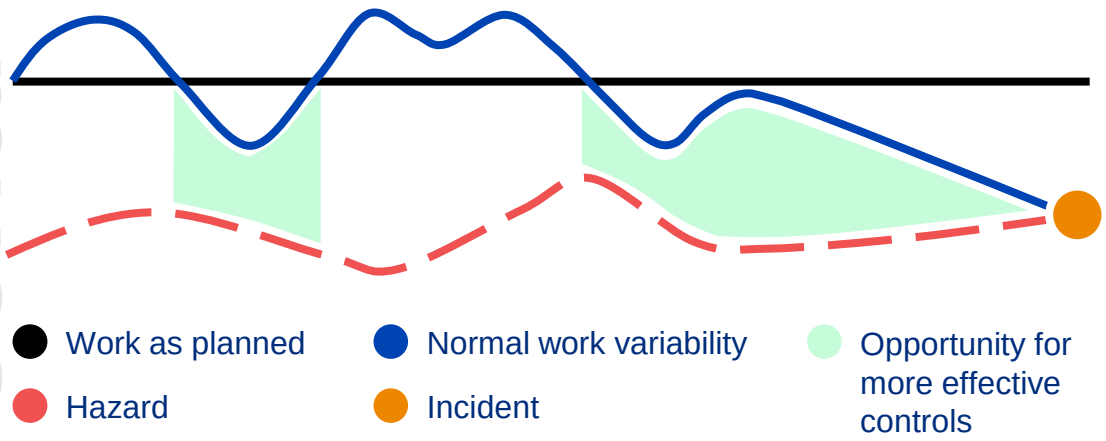
- Shifted indicators to more closely align with our strategic direction
- Focus on leading indicators for risk management, including risk control improvement projects and participation in leadership workshops
- Continuing to monitor Total Recordable Injury Frequency Rate (TRIFR) as the primary lagging indicator
  - Transitioned away from Lost Time Injury Frequency Rate (LTIFR)
- Now deriving meaningful insights from indicators, particularly related to high potential incidents and severity of injury / illness

FRAMEWORKS TO SUPPORT OUR EVOLVED APPROACH

Learning from our people to strengthen our health, safety and environment (HSE) controls

"Blue Line / Black Line" Concept[1]

- It demonstrates how our people manage the reality of a complex work environment **(blue line)** compared to the ideal of planned work **(black line)** and how our people may develop innovative ways to work that can be better than the plan
- The **red line** represents a hazard, which may lead to an incident when systems and processes drift over time (where the blue and red lines meet)
- The **green area** is where opportunities exist to identify more effective controls.



1. Source: Dr Todd Conklin

Better Questions, Stronger Solutions

- Connecting with our people by asking better questions to deliver smarter and stronger HSE solutions

STKYE

(Stuff that kills you or harms the environment)

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?

The 4Ds

(Dumb, Dangerous, Difficult or Different)

Ask the 4Ds

Better Questions:

In the work we do, what seems either Dumb, Dangerous, Difficult or Different?

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?

Dr. Todd Conklin

Click here to view an address from safety expert Dr Todd Conklin

SOCIAL IMPACT AND INCLUSION
STRATEGIC FOCUS

Increase positive social impact and prevent or mitigate adverse Human Rights impacts that are directly linked to the business operations, products, services or by business relationships

Our People
Promote belonging and pride in BlueScope, equipping our people to contribute meaningfully to Our Purpose

Our Workplace
Continued focus on creating an inclusive and respectful workplace which represents the communities in which we operate

Our Communities
Understand our community impacts and establish partnerships to drive change

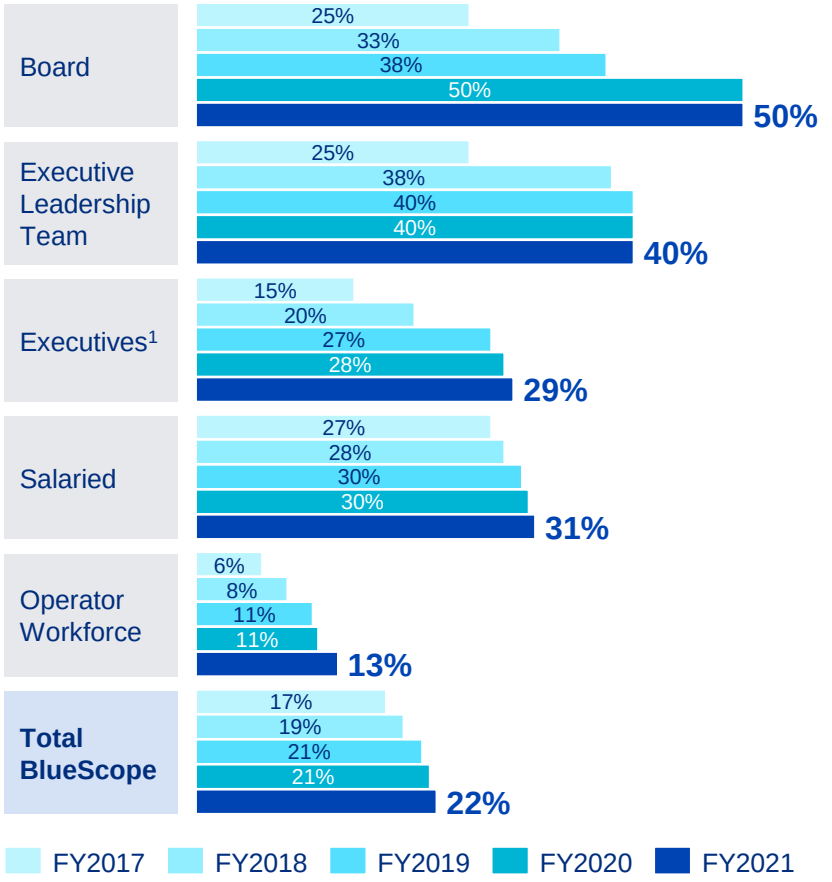
Our Social Licence to Operate
Human Rights and people policies, governance and due diligence process

IMPROVING OUR GENDER DIVERSITY

An area where BlueScope has greatest opportunity to improve is how it reflects the communities in which it operates, across all levels of the business

- We have continued to build an inclusive workforce which reflects the diversity of the communities in which we operate
- Ongoing progress is being made towards gender balance across our workforce
  - Achieved gender balance at Board level and 40% female representation at ELT (CEO-1)
  - Strong growth in leadership pipeline, with percentage of female executives almost doubling over last five years
  - Women in operator and trade roles have more than doubled over the last five years
- Signatory to the HESTA 40:40 Vision initiative, which seeks to achieve gender balance in executive leadership across all ASX200 companies by 2030
- Strong focus on improving gender balance across operator and trade workforce, given it has the largest opportunity for improvement
  - Improvement in recent years due to a considered and multi-faceted approach

Women in BSL workforce (%)



1. Includes all employees that have an executive contract (CEO -1, -2 and -3)

CASE STUDY
GENDER DIVERSITY IN OPERATOR AND TRADE ROLES

An innovative talent acquisition strategy piloted in ASP, has driven an increase in female representation in operator and trade roles

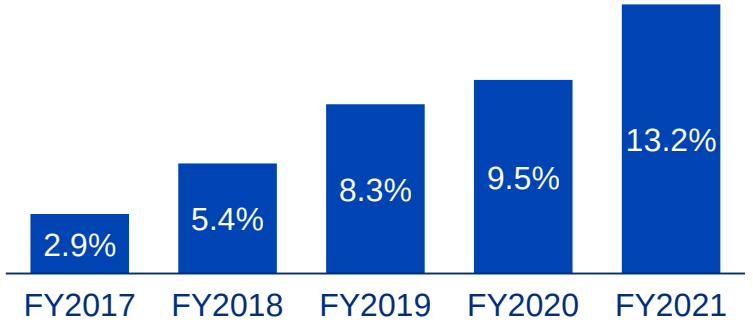
A multi-faceted approach

- Recruitment approach overhauled, leveraging social media channels to promote **"Blue Boots"** campaign
- Shift patterns and role designs modified to better accommodate more diverse talent pools
- Facilities were upgraded to cater for greater proportion of women (restrooms, locker rooms etc.)
- PPE in women sizing was sourced and provided
- Piloted at sites with the highest turnover, casual employment engagement or growth opportunities

What we learnt

- Leadership across all levels of management is required
- Success supported by assessing site readiness (amenities, PPE), offering alternative work arrangements, inclusive leadership training for managers & rethinking job design
- Recruitment practices needed to be challenged
  - Advertising to wider candidate pools and using non-traditional avenues
  - Shifting requirements from specific tickets or qualifications to attitudes and behaviors

Women in ASP Operator and Trade roles (%)



"Blue Boots" Campaign Ad

INCLUSIVE CULTURE

To deliver on Our Purpose, we must position Inclusion and Diversity as a strategic enabler which is integrated and embedded within core business processes and activities

FY2022 Focus Areas

Create a safe environment for all to speak up, be heard and feel welcome

Continue to work on all aspects to build a safe environment for employees, contractors and everyone on our sites:

- Safety evolution
- Speak Up Policy
- How We Work
- On-boarding

Enhancing under-represented groups throughout all levels of the organisation

Ensuring representation in all levels of leadership, with a focus on middle management:

- Gender
- People of colour
- Disabilities
- First Nations

'Partnering for Change' Community engagement

Drive positive community impact through partnerships and ensure regular feedback and collaboration

For example:

- Disability sector
- Community stakeholders
- Safety training and mentoring

Building leadership capability for an Inclusive Culture

Ensure inclusive leadership traits are incorporated into all leadership initiatives, including:

- Human Rights awareness training
- Future of leadership accelerator programs
- Recruitment process

Measure Progress and Tell Our Story

SUPPLY CHAIN SUSTAINABILITY

We foster responsible business practices and uphold human rights through engagement, risk assessment and improvement activities

Our Approach

Prioritise

- Prioritise our supplier engagement based on risk and leverage
- Incorporate supply chain / industry risk factors
- Align with local business knowledge

Engage

- Internal and external engagement to explain the why and describe the risks
- Explain our expectations and approach:
  - BlueScope Code of Conduct
  - Supplier Code of Conduct
  - Responsible sourcing policy
  - Statement on Human Rights

Assess

- Structured assessment framework with independent assessments
  - EcoVadis assessments
  - Onsite assessments
  - Industry certification schemes

Improve

- Sharing learnings from assessments
- Training
- Corrective actions
- Improvement plans
- Reassessments
- Measurable improvement

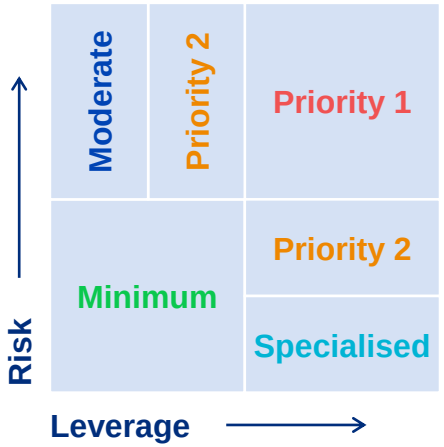
UNDERSTANDING OUR SUPPLY CHAIN

We seek to do business with suppliers that share similar values, ethics and sustainable business practices to us. Our supplier profile in EcoVadis reflects this

Our Suppliers

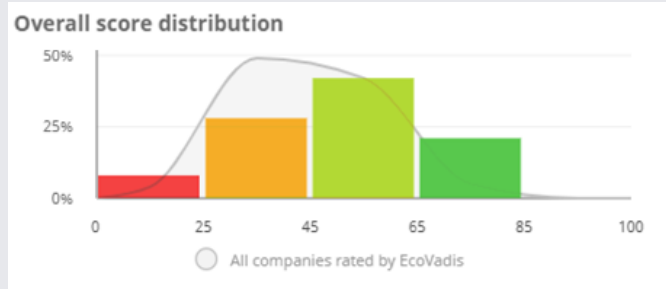
- BlueScope has tens of thousands of suppliers across its global operations
  - We place a high value on safety, security, quality and consistency of supply
  - Often hold long term relationships with supply chain partners
  - Over 85% of suppliers are domestic to our operations
- Approx. 1,100 suppliers (accounting for 90% of our spend by business unit) are segmented to prioritise engagement
  - Geographical risk assessed using ratings from civil society and audit related risk indices (Risk analytics provided by ELEVATE Ltd)
  - Leverage based on monetary spend and duration of our relationship

Segmentation Model



Supplier profile (EcoVadis assessments)

- Our approach is demonstrated by our supplier profile in EcoVadis assessment scores
- Our average supplier score is 12% higher than the average across the EcoVadis platform
- Scores are consistently higher in all 4 assessment pillars (Environment, Labour and Human Rights, Ethics, Sustainable Procurement)



STRENGTHENING OUR SUPPLY CHAIN

Progress in identifying and managing ESG risks in our supply chain is constantly evolving as we learn from our experiences and adapt

Engage–Assess–Improve process

- Completed for all Prioritised suppliers
  - 230 assessments completed by end of FY2021, exceeding target of 220
  - Corrective action plans in place for 20% of assessed suppliers, demonstrating focus on improvement
- Transitioning assessments to EcoVadis model
- Increasing use of third-party onsite assessments, despite COVID-19 impacts – seven completed in FY2021

Supplier segmentation model refreshed

- Using updated supplier and risk data
- Increased coverage from 80% to 90% of BU spend
  - now covering 1,100 suppliers
- Increase in Priority 1 and 2 suppliers to 280 (from 220)

CASE STUDY

Measuring improvement

The use of an independent, standardised risk assessment process has several benefits, including providing our suppliers with an independent assessment that they can share with other clients

Another benefit is the ability to track improvement over time and measure the influence that assessment and improvement processes have on our supplier base:

- 57% of our supplier base on the EcoVadis platform have been through multiple assessments
- The average assessment score change, on re-evaluation, is an increase of 3 points (around 6%)
- Of the re-evaluated suppliers:
  - only 21% had a reduced score, and
  - 4% are in the Medium & High risk score range (0-44) **and** had a score decrease.

KEY FOCUS AREAS FOR FY2022

Continuing to build on our progress with suppliers (engage-assess-improve) and expanding our use of onsite assessments, while building capacity to support the people working in our supply chains

Engage–Assess–Improve process

- Supplier segmentation refresh and expansion has identified approximately 280 Priority suppliers for assessment (or re-assessment) over the next two-year assessment period
- Target to increase the use of targeted third-party on-site assessments, to 15% of our Priority suppliers over FY2022 and FY2023

Capacity to support the people working in our supply chain

- Continue to improve our capability to recognise social risks, engage meaningfully with suppliers and workers in our supply chain to drive improvement
- Explore best practice in supply chain grievance mechanisms, worker voice tools and remediation

Findings from 3rd party onsite assessments

Summary of key audit findings from ELEVATE audits in FY2021:

- 63% of audit findings relate to Health and Safety
  - Emergency preparedness: alarms, exits, plans
  - Machine and process safety
- 9% of audit findings relate to hours of work, however this is consistent across all audits
- 6% relate to wages and benefits
- 6% relate to hiring, discipline and termination practices
- ~1% forced labour & human trafficking
- <1% relate to child labour

Findings relate to policies, not actual incidents

Sustainability Q&A Panel

Mark Vassella (Managing Director & Chief Executive Officer)
Tania Archibald (Chief Financial Officer)
Kristie Keast (Chief Executive People & North American Development)
Andrew Watson (Head of Group Procurement)

BlueScope

BlueScope Investor Day

Day 1

20 September 2021

Pictured:
New lodges built along the Three Capes Track in Tasmania featuring COLORBOND® steel
Photo: Brett Boardman

BlueScope Steel Limited. ASX Code: BSL
ABN: 16 000 011 058
Level 11, 120 Collins St, Melbourne, VIC, 3000