

Annual Report

2021/22



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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CHAIRMAN'S MESSAGE



FY2022 saw BlueScope deliver record results and make significant progress in its US growth strategy

The delivery of a record \$3.78 billion underlying EBIT was a pleasing way to celebrate the Company's 20th year as a standalone company. This performance was a great tribute to our clear strategy, disciplined financial framework and the operating leverage of our diverse portfolio.

The strong performance of your Company allows it to simultaneously invest for a low carbon future, long term sustainable earnings, and to increase shareholder returns. Notably, during FY2022, nearly \$1 billion was returned to shareholders, \$1 billion invested in acquisitions to build our US growth platform and further capital was invested in other growth projects, such as the North Star expansion.

With strong cash flow and a robust balance sheet, BlueScope is very well positioned to continue to grow and deliver value.

The Board of Directors and I extend thanks and respect to our expanded team of over 15,000 people across all 18 countries who have tirelessly served customers and communities, and supported each other's health and wellbeing, amidst exceptional demand for our products and interruptions to supply chains.

Safety

As always, safety comes first at BlueScope. Over the last year, we've continued to evolve our overall approach and organisation wide safety culture as we seek to take our performance to the next level. This is about supporting our leaders and empowering our people to increase our capacity in how we manage risk.

In FY2022, strong performance was observed on our lead indicators, with a stable result on our lag indicators against a challenging operating environment during the year with sustained pandemic impacts, labour shortages, strong demand, execution of major projects and the growth of our overall workforce.

During the year, BlueScope proudly achieved worldsteel Sustainability Champion status, and was also named a joint winner of worldsteel's Safety and Health Excellence Recognition in Leadership and Culture for our HSE Evolution leadership, risk and culture program.

Rewarding shareholders

A core part of BlueScope's Financial Framework is balancing the competition between capital for growth initiatives and returns to shareholders.

The Company returned just under \$1 billion to shareholders in FY2022, another record in BlueScope's 20-year history. This was comprised of \$344 million in dividends and \$638 million in on-market buy-backs¹.

The Board has approved a final unfranked dividend of 25 cents per share. Additionally, the share buy-back program is being increased to allow up to a further \$500 million to be bought over the next 12 months.

Having exhausted Australian tax losses in FY2022, we expect to be able to begin to frank dividends in FY2023².

50
CPS

FY2022
DIVIDENDS
(UNFRANKED)

\$638M

FY2022
ON MARKET
BUY-BACK

¹ Excludes \$12.5 million of shares settled on 1 and 4 July 2022.

² Announcements of any future dividends and franking are subject to the Company's financial performance, business conditions, growth opportunities, capex and working capital requirements, amount and timing of tax payments, and the Board's determination at the relevant time.

\$2.81 BN

REPORTED
NPAT

\$2.70 BN

UNDERLYING
NPAT

\$3.79 BN

UNDERLYING
EBIT

41.6%

UNDERLYING
PRE-TAX ROIC

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 capacity of 850,000 tonnes per annum 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, at which point North Star will account for around 5% of total annual US flat steelmaking production. We have grown significantly in a short space of time, and despite the COVID pandemic. Our growth ambitions continue and we will now begin to assess a low capital cost hot strip mill debottlenecking opportunity at North Star, targeting a further 500,000 tonnes per annum of incremental steel 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, a third ferrous 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's 570-strong team operates seven sites, painting a range of finishes on steel and aluminium substrates for a wide range of applications, including building products and manufactured goods, as well as offering a range of value-added services. The business has a history of robust financial performance, with a sales mix focussed on US end-use segments that are attractive to BlueScope.

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. We expect near-term synergies, but we also see significant potential for medium to longer term growth through product development and branded products, consistent with our customer service and value proposition elsewhere in the portfolio.

Altogether, BlueScope's total investment in the US is now around \$5 billion, with nearly 4,000 employees. The business network that we have assembled forms the exceptional backbone of our US value chain and is well positioned for future growth.

Our vision for Port Kembla

As the Port Kembla Steelworks approaches its 100-year anniversary in 2028, we are looking towards its low-carbon, modern manufacturing future.

We are continuing to invest in robotics, automation and other digital technologies to deliver the next wave of customer, growth and productivity improvements. These digital technologies will also support a range of carbon intensity reduction initiatives, such as the now operational blast furnace digital twin model.

We are working hard to optimise our existing operating assets and are exploring a range of opportunities to reduce their energy use and greenhouse gas emissions intensity. This includes further increasing our use of scrap, the more efficient use of indigenous gases, the potential for injecting hydrogen-rich coke ovens gas into the blast furnace, trials of biomass injection into the blast furnace and a range of off-gas heat and energy reuse opportunities. We are also pursuing breakthrough decarbonisation technology with continued progression of the assessment of a pilot hydrogen-based direct reduced iron melter and a hydrogen electrolyser. During FY2022, we established BlueScopeX™, our fund for direct investment in start-ups and innovations in decarbonisation and energy efficient buildings.

The feasibility study of the comprehensive reline and upgrade of the mothballed No.6 Blast Furnace is progressing well. This project includes a range of improved environmental controls, along with technology options that will enable incremental greenhouse gas intensity reductions. Importantly, our planning for the reline builds a bridge to future adoption of breakthrough lower emissions steelmaking, once it is technically and commercially viable.

As part of planning for the next 100 years in the Illawarra, BlueScope has commenced the development of a Master Plan for approximately 200 hectares of excess 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 the region.

Sustainability

We continued to make progress in addressing climate change through the year. We released our first Climate Action Report, with expanded targets and our longer term 2050 net zero goal¹. In addition to our work towards future steelmaking at Port Kembla, we have further developed decarbonisation plans for our New Zealand steelmaking facility, where we are actively evaluating our technology options.

In the nearer term, our steelmaking emissions intensity is tracking close to target with a total 3.6 per cent reduction since FY2018. Midstream emissions intensity has decreased 3.7 per cent overall since FY2018, however increased in FY2022 on lower despatch volumes due to supply chain constraints and disruptions.

Pleasingly, the Port Kembla site achieved ResponsibleSteel™ certification in February, being the first steelmaker in Asia Pacific and the fourth site to be certified globally. The standard defines the performance expectations for responsible sourcing and production of steel, and this achievement is a key point of differentiation for the Steelworks.

Board renewal

With more than half our revenues and earnings now coming from our international portfolio beyond our traditional markets of Australia and New Zealand, it is important that our Board better reflects all the regions in which we operate, and in which we will continue to invest and grow.

Accordingly, in January we welcomed two new independent non-executive Directors from outside Australia. Ms K'Lynne Johnson, based in the US, brings extensive experience in the areas of technological led transformation, sustainability, renewables, human resources, customers and innovation, together with traditional high capital-intensive sector experience. Ms Johnson is on the Boards of two companies listed on the NYSE, and her previous executive roles include in the specialty and commodity chemicals industry for over 28 years, including most recently as President and Chief Executive Officer of Elevance Renewable Sciences and as Senior Vice President of global derivatives with BP Chemicals.

Mr ZhiQiang Zhang is based in China and has a background in blue-chip manufacturing and product development, including industrial digitisation, automation and robotics. With deep sector knowledge in automotive, machine tools, steel making, foundry, telecommunications and infrastructure, he brings a deep understanding of the China and broader Asian markets, and insight into areas of innovation and growth. His senior executive business and leadership experience includes over 25 years at Siemens, with his last role as President & Chief Executive Officer, Greater China Region, Nokia Siemens Networks, and more recently as Group Senior Vice President & President ABB China for ABB ASEA Brown Boveri.

In May, Mr Mark Hutchinson resigned from the Board to take up an executive position with another organisation. I thank him for his contribution to the Board and as Chair of the Health, Safety and Environment Committee.

Conclusion

While BlueScope has continued to see favourable macroeconomic and industry trends over the last year, the Company's record performance reflects not only the success of its strategy at work, but particularly the unwavering dedication and resilience of the whole BlueScope team in what have been quite extraordinary markets and operating conditions.

I also wish to thank our customers, our shareholders and my fellow Directors for their support.

Looking forward to the immediate term, in 1H FY2023, the Company expects underlying EBIT to be in the range of \$800 million to \$900 million, driven particularly by significantly lower Midwest US HRC steel spreads and weaker Asian HRC steel spreads.

These expectations are subject to spread, foreign exchange and market conditions.

We will provide a further update on trading conditions at our Annual General Meeting on 22 November 2022.



John Bevan

Chairman

¹ Achieving the 2050 net zero goal is highly 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.

Section

01

Directors' report

The Directors of BlueScope Steel Limited ('the Company') present their report on the consolidated entity ('BlueScope' or 'the Group') consisting of BlueScope Steel Limited and its controlled entities for the year ended 30 June 2022.



OPERATIONS AND STRATEGY

Description of Operations

BlueScope is global leader in metal coating and painting for building and construction. Principally focused on the Asia-Pacific region, the Group manufactures and markets a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of building products.

BlueScope is Australia's largest steel manufacturer, and New Zealand's only steel manufacturer. BlueScope's vertically integrated operations for flat steel products in Australia and New Zealand produce value-added metallic coated and painted products, together with hot rolled coil, cold rolled coil, steel plate and pipe and tube.

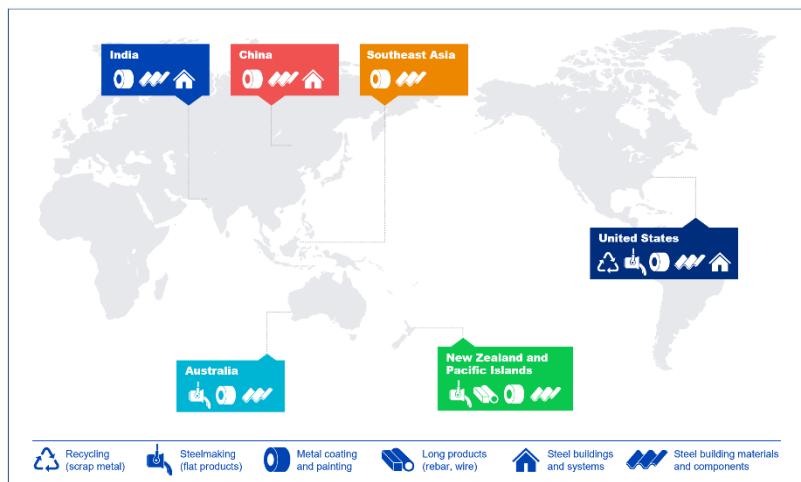
BlueScope manufactures and sells long steel products in New Zealand through its Pacific Steel business. In Australia and New Zealand, BlueScope serves customers in the building and construction, manufacturing, transport, agricultural and mining industries. In Australia, BlueScope's steel products are sold directly to customers from BlueScope's steel mills and through a national network of service centres and steel distribution businesses.

The Group has an extensive footprint of metallic coating, painting and steel building product operations across ASEAN, China, India, and North America, primarily servicing the construction sector. BlueScope operates its business across ASEAN and the west coast of North America in partnership with Nippon Steel Corporation (NSC) and in India with Tata Steel. Both are 50/50 joint ventures with BlueScope controlling and therefore consolidating the joint venture with NSC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel.

Our coil painting operations extend nationally across the US through BlueScope Coated Products (BCP). Acquired in June 2022, BCP is the second largest metal painter in the US, with seven facilities predominantly serving the construction industry.

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

BlueScope is a leading supplier of engineered building solutions (EBS) to industrial and commercial segments. The EBS value proposition is based on speed of construction, low total cost of ownership and global delivery capability. Leading brands, including BUTLER® and VARCO PRUDEN®, are supplied from BlueScope's manufacturing and engineering centres in North America and China. This expertise is extended with the BlueScope Properties Group, which develops Class A industrial properties in the US; predominantly warehouses and distribution centres.



In Summary, BlueScope has Outstanding Assets and Capability

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

A Resilient Business Delivering Returns Through the Cycle

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

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

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

Robust performance with demonstrated strong return on invested capital, cash generation and shareholder returns

Deploying financial strength to secure a sustainable future, long-term growth and shareholder returns

Colorbond®





Well Positioned for the Favourable Long-Term Outlook for Steel

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

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

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

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

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

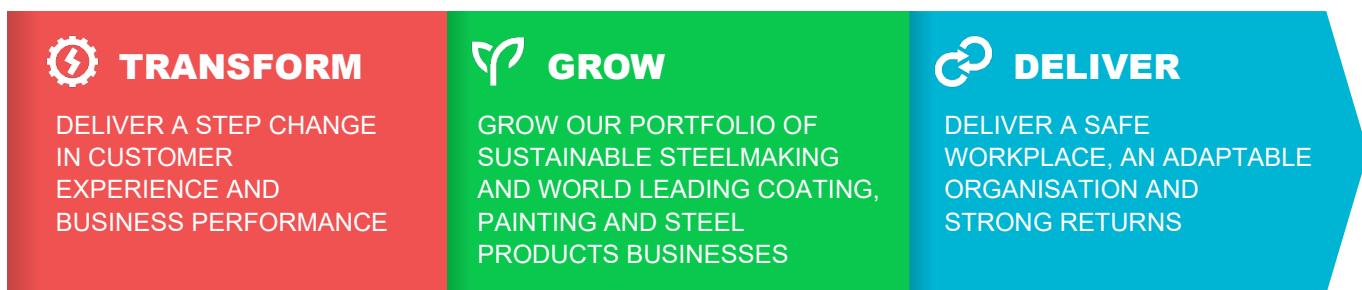
Consolidation and rationalisation in the US steel industry supporting enhanced supply-side discipline

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

Our Strategy and Financial Framework

Our Strategy

Our Strategy sets out how we will deliver on Our Purpose and deliver strong returns and sustainable outcomes over the next five years and beyond. Our Strategy drives transformation and growth, while continuing to deliver on core expectations for our stakeholders. Core elements of Our Strategy include investment in carbon reduction technologies, product and service innovation, and delivering a safe, inclusive and diverse workplace.



More information on BlueScope's strategy can be found at <https://www.bluescope.com/about-us/our-strategy/>

BlueScope's Financial Framework

BlueScope's Financial Framework guides its measurement of performance and capital allocation.

Returns Focus	<ul style="list-style-type: none">• ROIC > WACC on average through the cycle• ROIC incentives for management and employees• Maximise free cash flow generation	41.6% ROIC in FY2022
Robust Capital Structure	<ul style="list-style-type: none">• Strong balance sheet, with a target of around \$400M net debt¹• Retain strong credit metrics• Intent to have financial capacity through the cycle to make opportunistic investments or to fund reinvestment in or a shutdown of steelmaking if not cash positive• Leverage for M&A if accompanied by active debt reduction program	\$367M NET CASH at 30 June 2022 \$3.1Bn LIQUIDITY at 30 June 2022 INVESTMENT GRADE credit ratings
Disciplined Capital Allocation	<ul style="list-style-type: none">• 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:<ul style="list-style-type: none">– Growth capital – Investments and M&A (but avoid top of the cycle)– Shareholder returns (distribute at least 50% of free cash flow to shareholders in the form of consistent dividends and on-market buy-backs²)	~\$1.4Bn INVESTED FOR GROWTH in FY2022 ~\$1Bn RETURNED TO SHAREHOLDERS in FY2022

¹ In the short to medium term, BlueScope will retain balance sheet capacity to fund investment for growth and major projects.

² On-market buy-backs are an effective method of returning capital to shareholders given the flexibility they provide in managing BlueScope's capital and for the EPS enhancement they can deliver.

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 capacity of 850,000 tonnes per annum 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, at which point North Star will account for around 5% of total annual US flat steelmaking production. We have grown significantly in a short space of time, and despite the COVID pandemic. Our growth ambitions continue and we will now begin to assess a low capital cost hot strip mill debottlenecking opportunity at North Star, targeting a further 500,000 tonnes per annum of incremental steel 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\$220M. In August, a third ferrous 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.

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BCP's 570-strong team operates seven sites, painting a range of finishes on steel and aluminium substrates for a wide range of applications, including building products and manufactured goods, as well as offering a range of value-added services. The business has a history of robust financial performance, with a sales mix focussed on attractive US end-use segments.

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. We expect near-term synergies, but we also see significant potential for medium to longer term growth through product development and branded products, consistent with our customer service and value proposition elsewhere in the portfolio.

Altogether, BlueScope's total investment in the US is now around \$5Bn, with nearly 4,000 employees. The business network that we have assembled forms the exceptional backbone of our US value chain and is well positioned for future growth.

Future Investment Priorities

Given the strength of BlueScope's balance sheet, and the strong cash flows presented by trading conditions in recent years, the Company is well positioned to further deploy its financial strength to continue to position the business for long term sustainable earnings and growth.

Accordingly, the Company has a range of investment opportunities under consideration, leveraging key macro and sectoral trends, such as the improving industry conditions across China and the US, the recognition of the importance of domestic supply chains and sovereign manufacturing capability, shifts in preferences towards lower density regional housing and online shopping, and recognition of the critical nature of steel in underpinning the transition to a clean energy future.

The table below shows the major investments currently under consideration, which total around \$1.9 billion. This table is highly indicative, however provides some broad parameters around the investment program. Progress on each of these projects will be subject to BlueScope's rigorous multi-stage capital investment evaluation process and the Company will provide updates as it progresses through this program of work.

Category	Project	Description	Indicative Investment	Indicative Timing
			FY2023	FY2027
Growth	Port Kembla pipe and tube mill	New mill to support entry to a new pipe and tube segment	~\$70M	<div style="width: 70%; background-color: #0072BD; height: 10px;"></div>
	North Star debottlenecking	500ktpa incremental hot strip mill debottlenecking opportunity	~\$100M	<div style="width: 100%; background-color: #0072BD; height: 10px;"></div>
	BlueScope Properties Group expansion	Increased allocation of capital to carefully grow the business	~\$275M	<div style="width: 27.5%; background-color: #0072BD; height: 10px;"></div>
	Australian metal coated capacity	Exploring addition of metal coating capacity to support demand growth	~\$300M	<div style="width: 30%; background-color: #0072BD; height: 10px;"></div>
Climate	Five-year climate investment program	Optimising current assets and preparing for new technologies	~\$150M	<div style="width: 100%; background-color: #0072BD; height: 10px;"></div>
Sustaining	Port Kembla 6BF reline and upgrade	Securing future iron supply for Port Kembla Steelworks	~\$1.0Bn	<div style="width: 100%; background-color: #0072BD; height: 10px;"></div>

Our Vision for Port Kembla

As the Port Kembla Steelworks approaches its 100-year anniversary in 2028, BlueScope is looking towards its low-carbon, modern manufacturing future. In pursuit of this, the Company is progressing 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.

BlueScope is continuing to invest in robotics, automation and other digital technologies to deliver the next wave of customer, growth and productivity improvements. These digital technologies will also support a range of carbon intensity reduction initiatives, such as the now operational blast furnace digital twin model.

The Company is working hard to optimise its existing operating assets and is exploring a range of opportunities to reduce its energy use and greenhouse gas emissions intensity. This includes further increasing our use of scrap, the more efficient use of indigenous gases, the potential for injecting hydrogen-rich coke ovens gas into the blast furnace, trials of biomass injection into the blast furnace and a range of off-gas heat and energy reuse opportunities. The Company is also pursuing breakthrough decarbonisation technology with continued progression of the assessment of a pilot hydrogen-based direct reduced iron melter and a hydrogen electrolyser. During FY2022, BlueScopeX™ was established – the Company's fund for direct investment in start-ups and innovations in decarbonisation and energy efficient buildings.

The feasibility study of the comprehensive reline and upgrade of the mothballed No.6 Blast Furnace is progressing well. This project includes a range of improved environmental controls, along with technology options that will enable incremental greenhouse gas intensity reductions. Importantly, our planning for the reline builds a bridge to future adoption of breakthrough lower emissions steelmaking, once it is technically and commercially viable.

BlueScope has also commenced the development of a Master Plan for the approximately 200 hectares of excess 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 the region.

Xlerplate®



Sustainability Update

Safety

1,372

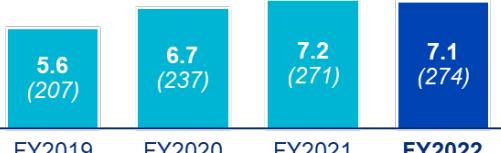
Leaders involved in our global HSE risk management program since 2020 (incl Board & ELT)

112 supply chain and industry partners involved

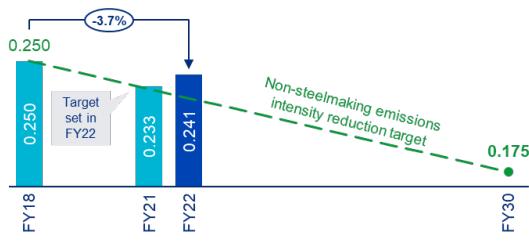
243

Team-based HSE risk control improvement projects completed across the business

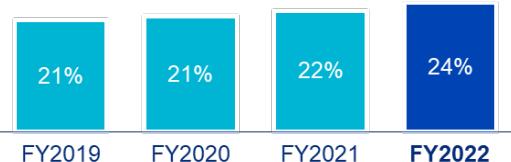
53 additional environment improvement projects completed



Climate Change – GHG Emissions Intensity¹



Inclusion and Diversity



- Continuing our efforts to reflect the communities in which we operate
- Female representation continues to grow across all segments of the workforce
- Tailored beyond gender strategies are emerging across our businesses

Sustainable Supply Chain

308 Suppliers engaged and assessed since late FY2019

139 Assessments completed in FY2022

- Assessments completed are both new and re-assessments
- Over 80% of FY2022 assessments completed using the independent EcoVadis assessment process
- Delays observed in assessment processes due to pandemic related disruptions during 1H FY2022 eased significantly in 2H FY2022

As previously disclosed, the ACCC commenced civil 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 waiting judgment.

¹ Preliminary data. Final emissions intensity figures will be published in BlueScope's FY2022 Sustainability Report, due to be released in September 2022. All GHG emissions data are reported on an equity accounted basis.

² Non-steelmaking emissions have been re-stated to amend for updated calculation methodology, and the inclusion of Tata BlueScope Steel's Jamshedpur site.

Sustainability Progress

Safety

BlueScope is continuing to evolve its approach to safety, by building capacity and driving a greater focus on engagement and learning. This is based on the acknowledgement that humans make mistakes and our ability to tolerate these errors and have resilience to recover when things do go wrong lies in strengthening our controls. Across our business, BlueScope is implementing innovative and practical risk control improvements to enhance resilience, whilst empowering all people who make and handle our products to identify opportunities and be part of the solution.

In FY2022, BlueScope employees completed over 243 team-based Health, Safety and Environment risk control improvement projects. 1,372 leaders have now participated in the safety HSE risk management program, with 112 of BlueScope's supply chain and industry partners also participating through the year. The program was recognised by the World Steel Association, being awarded the winner of their Safety and Health Excellence Recognition in 2021 for Leadership and Culture.

At 7.1, the lagging injury metric TRIFR remains slightly above the long-term range of 5-7. The FY2022 injury profile continues to be lower severity injuries (e.g. sprains, lacerations), with 2.5% of injuries having had the potential to be a fatal incident, one of which unfortunately resulted in a permanent incapacity. These figures are a stable result on our lag indicators, against a challenging operating environment during the year with sustained pandemic impacts, labour shortages, strong demand, execution of major projects and the growth of our overall workforce.

Sustainable Supply Chain

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

BlueScope has completed the Engage and Assess process with 308 suppliers since the start of our responsible sourcing program in late FY2019. 139 assessments were completed during FY2022, which is a mix of new supplier assessments and some re-assessments. Over 80% of these were completed using the independent EcoVadis assessment process. No on-site assessments were completed during FY2022 due to pandemic related disruptions to travel and site access.

BlueScope's new Supply Chain Sustainability Manager commenced in February 2022, reporting to the Head of Group Procurement. The team continued to actively contribute to development of the Responsible Sourcing requirements for the new ResponsibleSteel™ standard for "Certified Steel", and continued engagement on behalf of BlueScope with Be Slavery Free as a Business Association member and the UN Global Compact Network Australia as a signatory.

Climate Change

BlueScope continued to make progress in addressing climate change through the financial year¹. Steelmaking emissions intensity is tracking close to target with a 3.6% reduction since FY2018. Midstream emissions intensity has decreased 3.7% overall since FY2018, however increased in FY2022 on lower despatch volumes due to supply chain constraints and disruptions. During FY2022, we further developed decarbonisation plans for our New Zealand steelmaking facility, where we are actively evaluating our technology options, and at North Star, we're continuing to explore opportunities for supply of renewable electricity.

BlueScope is making progress on a range of projects to both optimise existing operating assets, as well as investigate and prepare for emerging and breakthrough technology. At Port Kembla, projects under investigation include a scrap melter, blast furnace injection of hydrogen-rich coke ovens gas or biomass, and digital twin technology.

The Company is also progressing its assessment of a hydrogen electrolyser and a hydrogen hub in the Illawarra. BlueScope is continuing to work with a range of industry and research organisations on our plans, noting that Shell will now pursue its involvement in this project as a supporting partner rather than lead partner.

Inclusion, Diversity and Social Impact

BlueScope continues to build an inclusive workforce which reflects the diversity of the communities in which it operates and is working to drive positive social impact.

Female representation continues to grow in pursuit of our 40:40:20 target, with the total percentage of women in the BlueScope workforce reaching 24% in FY2022. Recruitment and retention have been challenging due to low unemployment, high job vacancies (particularly in the US) and pandemic related impacts across the BlueScope footprint. Beyond gender strategies are emerging from our business units and are designed to suit local community needs – such as a focus on ethnicity in the US, for example, Buildings North America achieved ethnically diverse recruitment of 41% for all new hires in FY2022.

Also, in FY2022, a human rights impact assessment was completed for BlueScope's operations, which has informed the priority focus areas to be hours of work, wages and benefits, forced labour, harassment and abuse and grievance mechanisms. A Social Impact steering committee has been established to oversee the due diligence process, to track actions and to mitigate any potential adverse impacts. First Nations engagement in Australia and New Zealand is one way we will deliver positive social impact and continue to recognise the importance of the diverse cultural heritage in our communities.

¹ Achieving BlueScope's 2050 net zero goal is highly 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.



GROUP FINANCIAL REVIEW

FY2022 Highlights

Sales from continuing operations

\$19.0Bn

↗ 48% on FY2021

2H result \$9.57Bn, up \$153M on 1H

Reported NPAT

\$2.81M

↗ 135% on FY2021

2H result \$1.17Bn, down \$477M on 1H

Underlying EBIT

\$3.79Bn

↗ 120% on FY2021

2H result \$1.58Bn, down \$621M on 1H

Underlying ROIC¹

41.6%

↗ from 24.8% in FY2021

Capital management

Final dividend 25 cps²

Buy back up to \$500M³

Net cash

\$367M

↘ from \$798M at 30 Jun 2021

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

² Dividends unfranked.

³ With \$638M spent between August 2021 and 30 June 2022, the Board has approved an increase in the scale of the buy-back program to allow up to a further \$500M to be bought over the next 12 months. The timing and value of stock purchased in the buy-back will be dependent on the prevailing market conditions, share price and other factors.

Financial Summary

Table 1: Financial summary

\$M unless marked	FY2022	FY2021	Variance %
Sales revenue from continuing operations	18,990.9	12,872.9	48%
EBITDA – underlying ¹	4,336.7	2,211.6	96%
EBIT – reported	3,848.9	1,758.5	119%
EBIT – underlying ¹	3,787.2	1,723.8	120%
Return (underlying EBIT) on invested capital (%)	41.6%	24.8%	+16.8%
NPAT – reported	2,810.2	1,193.3	135%
NPAT – underlying ¹	2,701.1	1,166.3	132%
Interim ordinary dividend (cents)	25.0 cps	6.0 cps	-
Final ordinary dividend (cents)	25.0 cps	25.0 cps	-
Reported earnings per share (cents)	571.5 cps	237.0 cps	141%
Underlying earnings per share (cents)	549.4 cps	231.6 cps	137%
Net cash / (debt)	367.1	798.1	(54%)
Gearing (%)	N/A - net cash	N/A - net cash	-
Leverage (ND / LTM underlying EBITDA)	N/A - net cash	N/A - net cash	-

Revenue

The 48% increase in sales revenue from continuing operations was primarily due to higher selling prices driven by higher global steel prices, combined with ongoing strong demand and favourable impacts from a weaker Australian dollar exchange rate (A\$:US\$).

Earnings Before Interest & Tax

The 120% increase in underlying EBIT reflects:

- \$2,480.1M spread increase, primarily due to:
 - Higher domestic and export prices due to higher global steel prices (\$5,119.4M)
 - Offset by higher raw material costs – higher scrap and pig iron costs at North Star and higher iron ore, scrap and steelmaking raw material (alloys and other additives) costs at ASP, partly offset by a higher export coke contribution at ASP, and higher steel feed costs at Building Products Asia & North America and Buildings & Coated Products North America, (\$2,639.3M)
- \$503.5M unfavourable movement in costs, comprised of:
 - \$41.4M cost improvement initiatives, primarily at ASP and Building Products Asia & North America
 - \$54.5M unfavourable volume impact on costs, particularly at Buildings & Coated Products North America and NZPI on lower production
 - \$449.6M unfavourable impact of general cost escalation including higher remuneration expense linked to financial performance of the Group² and higher freight, labour, consumables and services

costs, partly offset by unusually high non-cash contribution of \$56M from the revaluation of the Finlay Solar Farm Power Purchase Agreement.

- \$40.8M unfavourable movement in other costs
- \$81.6M favourable translation impact from a weaker A\$:US\$ exchange rate
- \$19.3M favourable impact of volume/mix
- \$14.1M unfavourable movement in other items.

The \$2,090.4M (119%) increase in reported EBIT reflects the movement in underlying EBIT discussed above and \$27.0M unfavourable net underlying adjustments as outlined in Tables 12 and 13.

Finance Costs and Funding

In July 2021, BlueScope replaced its \$1.205Bn syndicated bank facility with bilateral revolving facilities totalling \$1.005Bn. The revised facilities deliver lower cost and longer tenor, with three to five-year maturities at establishment.

Net finance costs decreased by \$3.8M largely due to lower commitment fees on the reduced size and margin of the bilateral revolving facilities and higher interest income.

Financial liquidity was \$3,116.6M at 30 June 2022 (\$3,371.2M at 31 December 2021), comprised of \$1,433.9M committed undrawn bank debt capacity and \$1,682.7M cash. Liquidity in the NS BlueScope Coated Products JV was \$628.3M, which is included in the Group liquidity measure.

Tax

FY2022 tax expense of \$806.7M (FY2021 \$388.1M), equivalent to an effective tax rate of 21.5% (FY2021 23.2%),

¹ Underlying results in this report are categorised as non-IFRS financial information provided to assist readers to better understand the financial performance of the underlying operating business. Underlying adjustments included discontinued operations, acquisitions and disposals of businesses, asset impairments/write-backs and restructuring costs. Tables 11, 12 and 13 explain why the Company has disclosed underlying results and provide reconciliations of underlying earnings to reported earnings.

² A significant part of escalation relates to increased employee profit share plan expenses. Whilst classified as escalation, these costs naturally wind up and down in direct proportion to varying levels of profitability.

was impacted by higher profit, offset by lower tax rates in North America and Asia and the utilisation of unrecognised tax losses and timing differences in New Zealand. In addition, due to a sustainable return to taxable profits, the Group has fully recognised New Zealand's remaining tax losses (\$27.9M tax effected).

The BlueScope Australian consolidated tax group had consumed all the previously carried forward tax losses by 30 June 2022. Given this, we expect to be able to begin to frank dividends in FY2023¹.

Dividend and Capital Management

During FY2022, BlueScope paid an unfranked final ordinary dividend in respect of FY2021 of 25.0 cents per share (8.0 cents per share in 1H FY2021), an unfranked special dividend of 19.0 cents per share and an unfranked interim ordinary dividend of 25.0 cents per share.

The Board of Directors has approved the payment of a final ordinary dividend of 25.0 cents per share (25.0 cents in FY2021). The final dividend will be unfranked for Australian and New Zealand tax purposes and is declared to be conduit foreign income. BlueScope's dividend reinvestment plan will not be active for the final dividend.

Relevant dates for the final dividend are as follows:

- Ex-dividend share trading commences: 6 September 2022.
- Record date for dividend: 7 September 2022.
- Payment of dividend: 12 October 2022.

Buy-back:

- The Company will continue to use on-market share buy-backs to supplement the payment of consistent dividends.
- Buy-backs are attractive given the flexibility they provide in managing BlueScope's capital and for the EPS enhancement they can deliver.
- In August 2021, the Board approved an on-market buy-back of up to \$500M to be conducted over the subsequent 12 months; \$285M was spent up to 31 December 2021. In February 2022, the board approved an increase in the scale of the buy-back program to allow up to a further \$700M to be spent over the next 12 months; \$353M was spent between then and 30 June 2022.
- The Board has today approved an increase in the scale of the buy-back program to allow up to a further \$500M² to be bought over the next 12 months. This balances shareholder returns and our ongoing investment program. The timing and value of stock purchased will be dependent on the prevailing market conditions, share price and other factors.

BlueScope's capital management policy:

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

Financial Position

Net assets increased \$2,287.7M to \$10,448.1M at 30 June 2022 from \$8,160.4M at 30 June 2021. Net assets were higher as a result of foreign exchange translation (approximately \$350M) primarily as a result of a weaker A\$:US\$. This was complemented by an increase in net assets in their functional currency. Significant movements in underlying currency were:

- \$1,301M increase in inventories due to higher volumes and rates
- \$861M increase in intangible assets, mainly goodwill associated with the acquisition of the ferrous scrap steel recycling business of MetalX and the Coil Coatings business
- \$554M increase in property, plant and equipment, including assets associated with the acquired businesses and the North Star expansion project
- \$449M increase in receivables, mainly due to higher sales prices
- Partly offset by a \$429M decrease in net cash due to net cash flow during the period, \$379M increase in payables due to higher volumes and rates, \$249M increase in deferred tax liabilities including consumption of tax losses in Australia and lower provisions of \$227M.

¹ Announcements of future dividends and franking are subject to the Company's financial performance, business conditions, growth opportunities, capex and working capital requirements, amount and timing of tax payments, and the Board's determination at the relevant time.

² Includes \$12.5M of shares settled on 1 and 4 July 2022.

BUSINESS UNIT REVIEWS

Australian Steel Products (ASP)

ASP employs around 6,700 employees at approximately 100 sites, being a mix of large manufacturing plants, rollforming facilities and distribution centres across Australia.

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

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

BlueScope's branded products are market leaders in Australia, and include COLORBOND® steel, TRUECORE® steel, ZINCALUME® metallic coated steel, GALVASPAN® steel, and the LYSAGHT® brand of quality steel building products.

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

Financial Performance – FY2022 vs. FY2021

Sales revenue

The \$2,380.2M increase in sales revenue was primarily due to higher selling prices driven by higher global steel prices, combined with the benefit of stronger domestic demand.

EBIT performance

The \$623.7M increase in underlying EBIT was largely due to:

- higher steelmaking spread with higher domestic and export selling prices on stronger global steel prices partly offset by higher raw material costs
- higher margins in the downstream businesses
- higher contribution from export coke
- unusually high non-cash contribution in FY2022 of \$56M from the revaluation of the Finlay Solar Farm Power Purchase Agreement (PPA) derivative which reflects a significant increase in forecast spot electricity prices¹.

Key Financial and Operational Measures

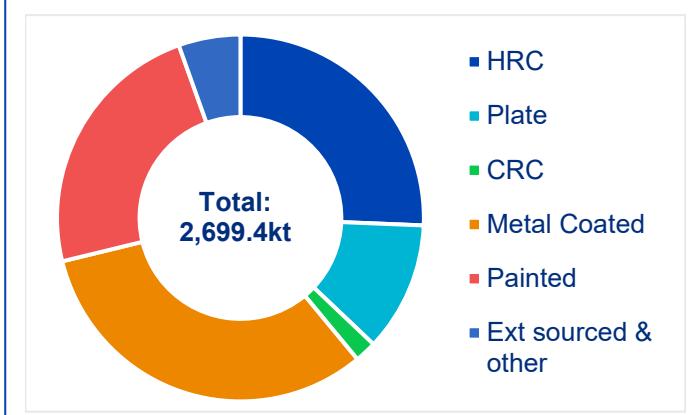
Table 2: Segment financial performance

\$M	FY2022	FY2021	Var %	2H FY2022
Sales revenue	8,228.7	5,848.5	41%	4,265.7
Reported EBIT	1,298.0	674.3	92%	610.2
Underlying EBIT	1,298.0	674.3	92%	610.2
NOA (pre-tax)	3,694.7	2,975.2	24%	3,694.7
ROIC (LTM)	37.1%	23.6%	+13.5%	37.1%

Table 3: Steel sales volume

000 tonnes	FY2022	FY2021	Var %	2H FY2022
Domestic				
- ex-mill	2,511.8	2,487.7	1%	1,184.0
- ext sourced	187.6	155.4	21%	94.4
Export	456.9	503.3	(9%)	295.3
Total	3,156.3	3,146.4	0%	1,573.7

Chart 1: FY2022 ASP domestic sales volume mix



- partly offset by higher costs, including labour on higher remuneration expense linked to financial performance, and higher freight and consumables.

Return on invested capital

ROIC increased to 37.1% driven by higher EBIT, partially offset by higher net operating assets. Net operating assets at 30 June 2022 were \$719.5M higher than at 30 June 2021,

¹ The derivative, being the difference between projected future electricity spot market prices and the strike price set under the PPA for projected future solar farm electricity output, is required to be fair valued in accordance with AASB 9 – Financial Instruments

primarily due to higher inventory and receivables, partially offset by higher payables.

Sales and operations

Domestic mill sales

FY2022 domestic sales volumes ex-mill increased 1% on FY2021 to 2,512kt.

- Increased volumes, particularly in higher value products, were driven by record activity across the building and construction industry, supported by focused sales and marketing initiatives, government stimulus and infrastructure programs and redirected discretionary spending.
- FY2022 steel sales of COLORBOND® steel, TRUECORE® steel and TRU-SPEC® steel were the highest on record for the ASP business – assisted by both specific sales initiatives and broader segment demand growth.
- The strong sales performance was achieved despite a range of supply chain disruptions, particularly noted in 2H FY2022, including East Coast floods, rail outages and pandemic related impacts.

Sales into the residential construction segment increased in FY2022 compared to FY2021. The significant lift in activity has been supported by several factors, in particular:

- Targeted campaigns focused on consumers, builders and fabricators particularly in the Sydney and Melbourne metropolitan areas.
- In new detached housing, record residential approvals lifted demand across the sector, supported by government stimulus measures (including the Federal Government's 'HomeBuilder' program), improved credit availability together with record low interest rates and a solid economic recovery. Commencements were impacted by weather, material and labour availability and other supply chain disruptions, which has supported a strong pipeline of work.
- Strength in activity across the alterations and additions segment continued, supported by pandemic induced redirected discretionary spend, government stimulus measures, rising house prices and the surge in demand for regional housing.
- Activity in the residential construction segment has however been impacted by significant material and

labour shortages. These disruptions, combined with the strong pipeline of work, are expected to see demand into this segment remain elevated through the course of 1H FY2023.

Sales into non-residential construction stabilised at strong levels in FY2022 compared to FY2021.

- The Social and Institutional sub-segment continues to be supported by government investment in health, education and defence projects, particularly for steel intensive products.
- The robust pipeline of projects across the Commercial and Industrial sub-segment from prior to the pandemic continues to support demand, with easing restrictions further enhancing sentiment across all sectors. In particular, this sub-segment continued to see strong demand for new warehousing investment supported by the shift towards e-commerce during the pandemic period.

Sales into the engineering and mining sectors remained stable during FY2022 compared with FY2021, with the national infrastructure plan driving ongoing activity in roads and rail together with a rebound in mining and consumables.

Demand in the agriculture segment improved in FY2022 compared with FY2021, supported by the continued rebuild program following the 2020 bushfires and improved growing conditions more broadly.

Demand in the manufacturing sector increased during FY2022 compared with FY2021 due to increased economic activity, particularly in residential construction, and limited availability of steel intensive competing finished goods.

Export sales

Despatches to export customers in FY2022 were 9% lower than FY2021, driven by the prioritisation of domestic despatches. Export prices were higher in FY2022 than the prior corresponding period due to higher global steel prices, with pricing into North America especially strong during 1H FY2022.

Export coke sales

In FY2022, despatch volumes were 655kt, down 3% on FY2021 due to timing of shipments. Margins were stronger during FY2022 on strong global demand driving stronger coke prices relative to coal costs.



North Star

Established in 1996 in Delta, Ohio, North Star is one of the most efficient steel mills in North America. Presently, around two million tonnes of hot rolled coil are produced annually from North Star's electric arc furnaces, using scrap metal, pig iron and alloys.

Construction of the expansion project to add capacity of 850,000 tonnes per annum is substantially complete. The first coil was produced in June 2022, and we are commencing the 18 month ramp up to full run rate.

North Star is consistently rated as one of the top producers of flat rolled steel in North America in the annual Jacobson Survey of steel customers measuring customer satisfaction.

North Star sells approximately 90% of its production in the Midwest US, with its end customer segment mix being broadly 50% automotive, 35% construction, 10% manufacturing/industrial and 5% agricultural.

This segment also includes BlueScope Recycling and Materials (BRM), a full-service, ferrous scrap metal recycler with three processing facilities in North Star's region.

Financial Performance – FY2022 vs. FY2021

Sales revenue

The \$2,116.8M increase in sales revenue was primarily due to significantly higher realised selling prices, driven by record Midwest benchmark hot rolled coil prices.

EBIT performance

The \$1,222.9M increase in underlying EBIT was largely due to higher realised steel spreads, driven by stronger regional steel prices, partly offset by elevated raw materials including scrap, pig iron, alloys and additives. Conversion costs were also higher during FY2022 driven by utilities, refractories and labour, including higher remuneration expense linked to financial performance.

Underlying adjustments in reported EBIT are set out in tables 12 and 13.

Return on invested capital

ROIC increased to 66.7% driven by higher EBIT, partially offset by higher net operating assets. Net operating assets at 30 June 2022 were \$945.2M higher than at 30 June 2021, primarily due to the impact of higher fixed assets as a result of the expansion project and acquisition of the ferrous scrap steel recycling business of MetalX, combined with higher inventory.

Key Financial and Operational Measures

Table 4: Segment performance

\$M	FY2022	FY2021	Var %	2H FY2022
Sales revenue	4,494.5	2,377.7	89%	2,058.0
Reported EBIT	1,887.5	674.5	180%	665.9
Underlying EBIT	1,900.1	677.2	181%	671.6
NOA (pre-tax)	3,319.5	2,374.3	40%	3,319.5
ROIC (LTM)	66.7%	31.6%	+35.1%	66.7%
Despatches (kt)	2,043.0	2,083.1	(2%)	1,027.0

Table 5: Segment performance in US\$M

US\$M	FY2022	FY2021	Var %	2H FY2022
Sales revenue	3,259.6	1,796.6	81%	1,477.2
Und. EBITDA	1,446.9	567.5	155%	521.6

Sales and Operations

Strong production and despatch levels continued throughout FY2022 – with North Star dispatching at full capacity through the year, other than during scheduled maintenance outages in November 2021 and March and April 2022.

Whilst US automotive sales were impacted by semiconductor shortages, construction spending remained strong, with other sectors largely returning to pre-COVID levels.

Benchmark Midwest steel prices reached record levels during FY2022, aided by strong demand and rationalised production capacity. Having hit record levels in 1H FY2022, benchmark Midwest HRC prices softened in the second half of the financial year but remained above long-term averages. Realised spreads were stronger during FY2022, but softer than benchmark spot spreads, noting specific sales mix relative to benchmark.¹

In December 2021 BlueScope Recycling was established through the acquisition of the ferrous scrap steel recycling business of MetalX. During 2H FY2022, progress was made on integrating the assets into the broader BlueScope Group whilst continuing to provide a source of scrap to the North Star electric arc furnace operations.

In August 2022, BlueScope acquired an additional ferrous scrap processing business in Ohio, USA for approximately US\$80M.

North Star has recently entered into a multi-year contract with Cleveland-Cliffs for the supply of hot briquetted iron from Cliffs' Toledo HBI plant as part of North Star's diversified metallics supply arrangements.

¹ Benchmark prices are illustrative only and may not be representative of realised mill prices due to a range of factors. Movements in prices across the majority of sales correlate with Midwest regional benchmark pricing, on a short lag; a minority of sales are priced on a longer-term basis. Accordingly, the degree of correlation between realised and benchmark prices can vary in a given half but is more fully reflected over the medium term.

Building Products Asia and North America

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

The business has an extensive footprint of metallic coating, painting and steel building product operations in Thailand, Indonesia, Vietnam, Malaysia, India, China and North America, primarily servicing the residential and non-residential building and construction industries across Asia, and the non-residential construction industry in North America.

BlueScope operates in ASEAN and North America in partnership with Nippon Steel Corporation (NSC) and in India with Tata Steel. Both are 50/50 joint ventures, with BlueScope controlling and therefore consolidating the joint venture with NSC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel.

Building Products' China businesses are wholly owned by BlueScope and are comprised of metal coating, painting and Lysaght operations, and Engineered Buildings Solutions (EBS).

Financial Performance – FY2022 vs. FY2021

Sales revenue

The \$1,165.3M increase in sales revenue was primarily due to higher regional selling prices.

EBIT performance

The \$85.4M increase in underlying EBIT was largely due to higher selling prices, partially offset by rising raw material and other costs:

- North America:** FY2022 underlying EBIT of \$253.4M, a significant increase compared to \$138.5M in FY2021. The increase was due to cyclical margin expansion driven by relatively lower steel feed costs in a rapidly rising price environment, partly offset by higher costs.
- ASEAN:** delivered an underlying EBIT of \$85.7M in FY2022, compared to \$114.5M in FY2021. This was driven by lower despatch volumes, particularly due to pandemic related impacts in Malaysia, Vietnam and Indonesia.
- China:** delivered an underlying EBIT of \$63.3M in FY2022, compared to \$62.6M in FY2021, with higher volumes offset by lower margins.
- India:** the TBSL joint venture delivered FY2022 underlying EBIT of \$72.8M (100% basis), compared to \$68.9M in FY2021, mainly driven by higher margins.

Underlying adjustments in reported EBIT are set out in tables 12 and 13.

Return on invested capital

ROIC increased to 26.2% driven by higher EBIT, partially offset by higher net operating assets. Net operating assets at

Key Financial and Operational Measures

Table 6: Segment financial performance

\$M	FY2022	FY2021	Var %	2H FY2022
Sales revenue	4,290.9	3,125.6	37%	2,132.5
Reported EBIT	456.3	328.2	39%	190.7
Underlying EBIT	418.9	333.5	26%	153.3
NOA (pre-tax)	1,681.3	1,272.7	32%	1,681.3
ROIC (LTM)	26.2%	25.1%	+1.1%	26.2%
Despatches (kt)	1,836.8	1,892.3	(3%)	914.0

Chart 2: FY2022 Segment geographic sales revenue, \$M¹



¹ Chart does not include India, which is equity accounted, or \$0.4M of eliminations (which balances back to total segment revenue of \$4,290.9M).

30 June 2022 were \$408.6M higher than at 30 June 2021, primarily due to higher rates in inventory and receivables, lower creditors combined with the foreign exchange translation impact of a weaker A\$:US\$.

Sales and Operations

North America (Steelscape & ASC Profiles)

Steelscape (coating and painting) sales volume decreased by 11% in FY2022 compared to FY2021, driven by customers lowering their inventory holdings on declining steel prices in 2H FY2022. Underlying demand remained strong, particularly in building and construction, which was supported by the strong economic recovery and government stimulus programs. Given the strong rise in benchmark North American steel prices, somewhat more stable feed costs, and the length of the supply chain, the business saw cyclical margin expansion during the year. Various customer-centric strategic initiatives are ongoing, with a focus on the growth of the design solution product and service offering.

ASC Profiles (building components) also saw strong demand and margins in its key sectors, primarily in the decking segment.

ASEAN

FY2022 sales volumes across the ASEAN business decreased by 10% from FY2021 due to pandemic related

disruptions, particularly in Malaysia and Vietnam, which saw government mandated restrictions towards the start of the financial year.

Project segment demand was broadly stable, supported by recovering construction activities, although some projects were delayed due to the pandemic driving labour shortages particularly in Malaysia and Thailand.

Retail segment demand slowed through the year due to declining steel prices. The business continues to grow the retail channel through the Authorised Dealer network and with a greater focus on alternative distribution channels in some segments.

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

Given sustained improvement in the performance of the Thailand business and increased confidence in future cash flow generation, a full reversal (\$46.0M pre-tax) of previously impaired plant and equipment at Thailand has been recognised in the accounts at 30 June 2022.

During 2H FY2022, employees, customers and suppliers were informed that Lysaght Myanmar will cease operations by 30 September 2022. An impairment of fixed assets and provision for other closure costs of \$8.7M (pre-tax) has also been recognised at 30 June 2022.

China

After a strong start to calendar year 2021, China's economic momentum slowed in 1H FY2022 due to a slowing of infrastructure investment, power outages and tightening borrowing requirements for property developers. In 2H FY2022, economic activity showed signs of stability with robust investment growth in the early months of the half, however the March 2022 re-emergence of COVID and subsequent government lockdowns posed challenges to economic growth for the remainder of the half.

Despite this macroeconomic environment, BlueScope China demonstrated resilience and continued to deliver growth. Total despatch volumes across the China business increased 22% in FY2022 compared to FY2021. The business saw

particularly strong demand for pre-engineered buildings servicing the growing electric vehicle end-use segment.

Butler and Lysaght volumes remained robust during FY2022, supported by the continuation of the business's strategy targeting premium high-growth segments including automotive, advanced manufacturing, chemicals, healthcare and electronics.

Coated China despatch volumes of 198kt increased marginally on FY2021, supported by robust demand from the owned downstream channel. The ongoing successful promotion of Next Generation ZINCALUME® steel continued to position the business as a premium supplier of coated steel during the year.

India

Overall despatch volumes increased marginally in FY2022 as compared to FY2021. Volumes were constrained in FY2022 by an extended maintenance outage on the metal coating line along with a 15% export duty imposed on steel exports by the Government of India in May 2022 which disrupted local market dynamics.

BlueScope has reached in principle agreement with Tata Steel for the supply of coated and painted product from Tata Steel to TBSL. The product will be supplied from Tata Steel's plants located at Angul and Khopoli which were formerly part of the Bhushan Steel group. Supply of seeding units started in May 2022.

Table 7: India performance

\$M	FY2022	FY2021	Var %	2H FY2022
Tata BlueScope Steel (100% basis)				
Sales revenue	547.8	403.3	36%	297.1
Underlying EBIT	72.8	68.9	6%	38.2
Underlying NPAT	58.0	52.5	10%	30.9
Despatches (kt)	255.5	253.5	1%	136.4
BlueScope share (50% basis)				
Underlying equity accounted profit	29.3	26.6	10%	15.6

Buildings and Coated Products North America

Buildings and Coated Products North America (BCPNA) combines the Buildings North America (BNA), BlueScope Properties Group (BPG) and BlueScope Coated Products (BCP) businesses.

Servicing the low-rise non-residential construction segment, BNA is a leader in engineered building solutions (EBS), pre-fabricating the likes of distribution centres, factories and stores. Its BUTLER® and VARCO PRUDEN® brands are highly recognised in the industry. The business partners with its builder customers to provide a complete custom steel building solution that includes design, detailing, drawings and manufacturing.

BPG develops industrial properties, predominantly warehouses and distribution centres. BPG develops a mixture of 'Build to Suit' (pre-leased) and 'Build to Demand' properties, creating value for the BNA Builder network by providing access to projects.

BlueScope Coated Products (BCP) was established through the acquisition of the Coil Coatings business from Cornerstone Building Brands in late June 2022. BCP is the second largest metal painter in the US, with a total capacity of around 900,000 tonnes per annum across seven facilities, predominantly serving commercial and industrial construction applications.

Financial Performance – FY2022 vs. FY2021

Sales revenue

The \$487.6M increase in sales revenue was primarily due to higher selling prices and higher volumes in the core EBS business, partly offset by the unfavourable impact of timing of project sales at BPG.

EBIT performance

The \$9.8M increase in underlying EBIT was due to margin recovery in the core EBS business as steel feed costs reduced following a rapid increase in FY2021, combined with higher despatch volumes. The increase in the core business EBIT was partially offset by the unfavourable impact of timing of project sales at BPG.

Underlying adjustments in reported EBIT are set out in tables 12 and 13.

Return on invested capital

ROIC decreased to 15.1%, driven by higher net operating assets, partly offset by stronger EBIT. Net operating assets at 30 June 2022 were \$915.2M higher than at 30 June 2021,

Key Financial and Operational Measures

Table 8: Segment performance

\$M	FY2022	FY2021	Var %	2H FY2022
Sales revenue	1,586.3	1,098.7	44%	841.8
Reported EBIT	94.4	112.3	(16%)	67.5
Underlying EBIT	97.3	87.5	11%	79.3
NOA (pre-tax)	1,418.6	503.4	182%	1,418.6
ROIC (LTM)	15.1%	17.5%	-2.4%	15.1%
Despatches (kt)	227.8	192.8	18%	115.0

primarily due to the acquisition of the Coil Coatings business from Cornerstone Building Brands combined with the foreign exchange translation impact of a weaker A\$:US\$.

Sales and Operations

Buildings North America

FY2022 despatches were 18% higher than the previous year, with additional manufacturing during the year following pandemic related impacts on capacity in FY2021.

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

- continued investment in engineering and manufacturing capacity to support future growth potential
- foundational technology investment to modernise and provide a complete digital engineering and customer experience.

BlueScope Properties Group

BPG completed two projects in FY2022, down on the four completed in FY2021 due to project timing. Margins continue to be supported by robust commercial property values, partly offset by higher materials and construction costs.

BlueScope is targeting a more regular earnings contribution from an expanded pipeline of projects, through the allocation of an additional US\$200M of capital to BPG.

BlueScope Coated Products

Following the announcement that BlueScope had entered into an agreement to acquire the Coil Coatings business from Cornerstone Building Brands in April 2022, the acquisition was completed on 28 June 2022. As such, there are no material earnings to be considered for FY2022. BlueScope will progress the integration of BCP through 1H FY2023.

New Zealand & Pacific Islands

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

New Zealand Steel, the only fully integrated steel producer in New Zealand, uses locally sourced iron sand to manufacture about 670,000 tonnes of steel slab and billet a year at the Glenbrook Steelworks south of Auckland.

NZPI produces a range of flat and long steel products for domestic and export use, and supplies all major industries including construction, manufacturing, infrastructure, packaging and agriculture.

NZPI employs around 2,000 people and includes Pacific Steel New Zealand (rolling mill and wire drawing facilities), and the Pacific Islands business, with facilities in Fiji, New Caledonia and Vanuatu which manufacture and distribute the LYSAGHT® range of products and long steel products through Pacific Steel Fiji.

Financial Performance – FY2022 vs. FY2021

Sales revenue

The \$230.9M increase in sales revenue was primarily due to higher selling prices referenced to higher global steel prices.

EBIT performance

The \$98.5M increase in underlying EBIT was largely due to higher domestic and export selling prices combined with favourable volume and mix due to plate iron sales to North Star combined with lower export despatches. This was partly offset by higher raw material costs including coal, coating metals and additives. Conversion and other costs were also higher reflecting higher freight and labour costs part offset by increased vanadium by-product contribution and net ETS impact on escalation of NZU index prices.

Underlying adjustments in reported EBIT are set out in tables 12 and 13.

Return on invested capital

ROIC decreased to 54.7% driven by higher net operating assets, partially offset by higher EBIT. Net operating assets at 30 June 2022 were \$242.0M higher than at 30 June 2021, primarily due to a decrease in liabilities related to the employee pension fund combined with higher ETS intangibles driven by escalation of NZU index prices.

Sales and Operations

Domestic sales

Domestic flat products sales volumes decreased 8.1% in FY2022 compared to FY2021 driven by the impact of pandemic related restrictions on operations and the supply chain. However, underlying demand remained robust across all end-use segments.

The number of new dwelling consents remained on trend at high levels, following a sustained period of demand. Demand is expected to be “stronger for longer” especially in the

Key Financial and Operational Measures

Table 9: Segment financial performance

\$M	FY2022	FY2021	Var %	2H FY2022
Sales revenue	1,125.2	894.3	26%	607.2
Reported EBIT	265.4	138.4	92%	128.1
Underlying EBIT	228.6	130.1	76%	142.4
NOA (pre-tax)	530.9	288.9	84%	530.9
ROIC (LTM)	54.7%	146.3%	-91.6%	54.7%

Table 10: Steel sales volume

000 tonnes	FY2022	FY2021	Var %	2H FY2022
Domestic flats	275.0	299.1	(8%)	141.8
Domestic longs	220.7	209.5	5%	111.6
Domestic (steel)	495.7	508.6	(3%)	253.4
Export flat	89.7	115.6	(22%)	49.4
Export longs	1.3	3.1	(58%)	0.1
Export (steel)	91.0	118.7	(23%)	49.5

residential sector for new builds and alterations and additions.

- The strong demand for metal coated and COLORSTEEL® products has continued, with FY2022 construction levels increasing by over 12% on FY2021.
- Demand growth for AXXIS® steel for framing into new residential builds is robust, and supporting further growth is a key priority.
- There is strong demand for an expanding range of locally manufactured weathering steels in infrastructure projects. To meet this demand, New Zealand Steel recently successfully launched COLORSTEEL ALTIMATE®.

To increase paint line capacity and flexibility to meet strong domestic demand for coated products, the dual head coater upgrade is on track to be commissioned in 1H FY2023.

Sales of domestic long products in FY2022 increased 5% on FY2021 levels, with robust end-use demand impacted by the Government mandated lockdown during the year.

- Demand is being driven predominantly by the infrastructure sector underpinned by a mix of “shovel-ready” projects and the NZ Upgrade Programme.
- Private sector funded Industrial construction demand is solid whilst hospitals, social and educational buildings are areas of strong public sector activity fuelling demand.

Export sales

Export volumes in FY2022 were 28kt lower than in FY2021, primarily due to enhanced focus on domestic sales, combined with impacts from COVID-19 restrictions on operations and the supply chain. Margins on exports improved, driven particularly by export sales into North America.

Vanadium

Sales of Vanadium slag by-products have been an ongoing cost-offset for the New Zealand operation for a number of years. The business also sources both ferro and nitrided vanadium as inputs into the steelmaking process (mainly for rebar strengthening purposes) which has the effect of dampening any price related increase in vanadium slag contribution.

The FY2022 net vanadium contribution was approximately \$4.9M higher than FY2021. This was primarily due to improved global index pricing.

NZ Pension Fund

During the year, the New Zealand Steel Pension Fund offered two lump-sum payments:

- The first offer to the pensioner members of the fund resulted in a 54% acceptance (by number of pensioners) and a NZ\$174M payout of their actuarially determined benefits from the fund assets.

- The second offer to the employee members of the fund resulted in a 36% acceptance (by number of employees) and a NZ\$64M payout of their actuarially determined benefits from the fund assets.

Whilst there was no settlement gain or loss recorded in the fund itself, as the benefit payments made were equal to the entitlements, a net settlement gain of NZ\$38.0M, including the uplift for 33% contributions tax, has been recorded in the BlueScope Group accounts. This accounting gain arises because the AASB 119 Employee Benefits accounting liability is higher than the benefit payments made as the accounting liability is required to be discounted at the New Zealand Government bond rate, which is lower than the expected return on the fund's assets.

An additional NZ\$60M cash contribution (including contribution tax) was paid by BlueScope to the fund prior to 30 June 2022 with a further cash contribution and tax payment in early 1H FY2023 totalling NZ\$25M.



OUTLOOK, FUTURE PROSPECTS AND RISKS

1H FY2023 Outlook

Group outlook:

- The Company expects underlying EBIT in 1H FY2023 to be in the range of \$800M to \$900M, driven particularly by significantly lower Midwest US HRC steel spreads and weaker Asian HRC steel spreads.
- For the purposes of the outlook, the Company has made the following 1H FY2023 average assumptions:
 - US mini-mill benchmark spreads to be ~US\$400/t lower than 2H FY2022¹.
 - East Asian HRC price of ~US\$590/t².
 - 62% Fe iron ore price of ~US\$100/t CFR China².
 - Index hard coking coal price of ~US\$240/t FOB Australia².
 - A\$:US\$ at US\$0.70².
- Relative to 2H FY2022, expect similar underlying net finance costs and underlying tax rate, and a lower profit attributable to non-controlling interests.
- These expectations are subject to spread, foreign exchange and market conditions. It is flagged that there are elevated risks – particularly from pandemic related impacts on operations, supply chains and demand, volatility in steel prices and spreads, and the current geopolitical environment

Expectations for the underlying EBIT performance of BlueScope's businesses in 1H FY2023 relative to 2H FY2022 are as follows:

- Australian Steel Products:
 - Expect a lower result compared to 2H FY2022.
 - Similar domestic volumes.
 - Softer realised spreads driven by weaker lagged benchmark spreads.
 - Unfavourable impact from higher priced raw materials in inventory.
 - Decreased coke earnings on lower margins and timing of shipments.

- Non-repeat of 2H FY2022 \$53M non-cash contribution from the revaluation of the Finley Solar Farm PPA derivative.
- North Star:
 - Expect a result of around a quarter of 2H FY2022 due to benchmark Midwest HRC steel spreads continuing to contract back from record highs, partly offset by favourable realised pricing.
 - Expansion to progressively ramp-up during the half, but not likely to make a meaningful contribution in early stages.
- Building Products Asia & North America:
 - Expect a result around two thirds of 2H FY2022.
 - North America – expect a lower result due to cyclical margin compression driven by falling US steel prices.
 - ASEAN – expect softer results on weaker demand driven by congested channel inventories and falling price environment.
 - India – expect a softer result on weaker demand in falling price environment.
 - China – expect a stronger result on typical favourable seasonality.
- Buildings and Coated Products North America:
 - Expect a result around twice that of 2H FY2022.
 - Expect a strong contribution from the EBS business, benefitting from expanded margins on lower steel feed costs.
 - Expect a negligible contribution from BlueScope Properties Group due to project timing.
 - A small contribution from BlueScope Coated Products is expected as we integrate the business.
- New Zealand and Pacific Islands:
 - Expect a moderately lower result than 2H FY2022 mainly due to higher coal costs.
 - Expect similar domestic volumes.
- Intersegment, Corporate & Group
 - Expect similar corporate and intersegment costs.

Matters Subsequent to Year End

In August 2022, the Company acquired a scrap processing business located in Ohio, U.S. for approximately US\$80M.

¹ US mini-mill benchmark spreads quoted on a lagged basis in metric tonnes. Expected 1H FY2023 US mini-mill benchmark spread of ~US\$375/t, compared to US\$775/t in 2H FY2022.

² Quoted on an unlagged basis for the six-month period; volumes quoted in metric tonnes.

Future Prospects and Risks

BlueScope operates in markets which are impacted by economic cycles and short-term volatility which can affect the Group's financial performance and financial outcomes both positively and negatively. On the negative side, periods of slower demand for its products, lower global commodity steel prices relative to raw material costs, and unfavourable exchange rate movements, in particular a stronger Australian dollar relative to the US dollar, are some of the macroeconomic factors to which the Group is exposed.

Challenges arising from the pandemic have persisted and are expected to continue for some time, including operational continuity risks associated with maintaining pandemic safe work practices and disruptions to logistics and our supply chains. The pandemic has demonstrated the resilience of BlueScope's business model and its ability to manage key risks.

The global economy, and in particular North America, Australia and New Zealand, recovered faster and stronger than anticipated from the economic impact of the pandemic with favourable demand and macroeconomic conditions in FY2022. The price, cost and demand for BlueScope's products are uncertain and the Group considers a range of recognised external forecasters when assessing possible future market conditions. These external forecasters expect commodity steel prices to have peaked in FY2022 and are forecasting them to decline to levels broadly in line with historical long-term average by FY2026. In addition, demand for BlueScope's products is expected to moderate but remain relatively strong in Australia and New Zealand, continue to support full utilisation of pre-existing steelmaking capacity in North America (together with a ramp-up in capacity from the North Star expansion project over the next two years) and continue to grow from the FY2022 levels in Asia over the next three years.

Notwithstanding the positive economic environment in FY2022 for BlueScope's products, persistent macroeconomic and market risk factors going forward include:

a. Economic downturn or weaker economic conditions.

A deep or prolonged economic downturn in developed economies, or significantly slower growth in emerging economies, could have a material adverse effect on the global steel industry which may affect demand for the Group's products and financial prospects. Accelerating inflation and rising interest rates could dampen the post pandemic recovery or lead to an overcorrection and recession. These factors may also impact our ability to contain future costs, primarily energy and wages, and more broadly have implications for the demand and price of our products.

b. A significant cyclical or permanent downturn in the industries to which the Group supplies its products.

The Group's financial prospects are sensitive to the level of activity in a number of industries, principally the building, construction and manufacturing industries. These industries are cyclical in nature, with the timing, extent and duration of these economic cycles unpredictable. While a large proportion of the Group's cost base varies with production volumes, many are fixed

and the Group may not readily be able to reduce its costs in proportion to an economic downturn and therefore any significant, extended or permanent downturn could negatively affect the Group's financial prospects.

c. Declines in the price of steel, or any significant and sustained increase in the price of raw materials in the absence of corresponding steel price increases.

The Group's financial prospects are sensitive to the long-term price trajectory of international steel products and key raw material prices. A significant and sustained increase in the price of raw materials, in particular iron ore, coking coal, pig iron and scrap, with no corresponding increase in steel prices, would have an adverse impact on the Group's financial prospects, as would a decline in the price of steel with no corresponding decrease in the price of raw materials.

In addition to these longer-term trends, the price of raw materials and steel products can fluctuate significantly in a reasonably short period of time affecting the Group's short-term financial performance. In particular this relates to commodity products such as plate, hot rolled coil, cold rolled coil, and some metallic coated steel products.

d. The Group is exposed to the effects of exchange rate fluctuations.

The Group's financial prospects are sensitive to foreign exchange rate movements, in particular the Australian dollar relative to the US dollar. A stronger Australian dollar relative to the US dollar has adverse effects on the Group. This is because in Australia, a strong Australian dollar makes imported steel products less expensive to Australian customers, potentially resulting in more imports of steel products and/or lower domestic prices. These effects are offset in part by a significant amount of raw material purchases being denominated in US dollars. In addition, BlueScope has significant earnings generated by its international businesses, in particular in the US, which must be translated into Australian dollars for financial reporting purposes.

e. Competition from other materials and from other steel producers could significantly reduce prices and demand for the Group's products.

In many applications, steel competes with other materials such as aluminium, concrete, composites, plastic and wood. Improvements in the technology, production, pricing or acceptance of these competitive materials relative to steel could result in reduced volumes or margins.

BlueScope competes with local and international steel suppliers. Changes to trade measures (such as tariffs or local standards) anywhere in the world can have flow through impacts that could also negatively impact the Group.

BlueScope monitors and responds to the above risks as required through business diversification, market and product development, cost control, operational restructuring and maintaining adequate liquidity.

BlueScope is also exposed to risks associated with positioning the business for a low carbon world. This includes:

- not appropriately responding to community expectations in relation to the pace of decarbonisation
- unilateral government regulation of greenhouse gas emissions without sufficient measures to maintain international competitiveness that could impact the viability of steelmaking in Australia and New Zealand
- not adapting and appropriately responding to long term implications of climate change, and decarbonisation transition, such as increased frequency and intensity of natural hazards, disruption to supply chains and changes in demand for steel products. BlueScope's Climate Action Report, which was released in September 2021, provides further information including disclosures against the Task Force for Climate Related Financial Disclosure (TCFD) framework
- not being able to access enablers, including commercially viable emerging and breakthrough technologies, the availability of affordable and reliable renewable energy and hydrogen, availability of quality raw materials, and appropriate policy settings.

In addition to these external macroeconomic variables, market factors and climate change risks, BlueScope is also exposed to a range of other market, operating, compliance and financial risks.

The Group has risk management and internal control systems which identify and manage risk across seven broad categories: Markets & Products; Health, Safety, Environment & Communities; Ethical Conduct & Compliance; People & Remuneration; Operations; Technology; and Financial. BlueScope's systems are designed to ensure the Group understands its appetite for risk across each of these broad categories, monitors tolerance metrics, identifies current and emerging risks, and implements internal controls and mitigating actions.

The nature and potential impact of risks are by their nature uncertain and change over time. The risks identified as having the potential to materially impact the achievement of the Group's strategies and future prospects include, but are not limited to:

Markets & Products

- Political, social and economic policies and uncertainties specific to the countries in which the Group operates.
- Potential product performance and warranty claims.
- Not meeting the expected level of customer service and experience.

Health, Safety, Environment & Communities

- Failure to maintain effective occupational health and safety systems.

Ethical Conduct & Compliance

- Potential for breaches of extensive government laws and regulation, including environmental, greenhouse gas emissions, tax, accounting, payroll, occupational health and safety, employment, modern slavery, competition law and trade measures in each of the countries in which it operates. The Group is also subject to the risk of

regulatory investigations into compliance with these laws and regulations which could be lengthy and costly.

- The conduct of BlueScope's employees and other participants in the supply chain not complying with regulatory requirements or its ethical standards.
- Potential legal claims. Civil proceedings brought by the ACCC alleging contraventions of the Australian competition law cartel provisions are awaiting judgement.

People & Remuneration

- Loss of key Board, management or operational personnel, or an inability to secure the technical and management skills required to deliver strategic plans and manage risk (particularly the engineering skills required for large capital projects and technology capabilities to maintain our technology currency).
- Industrial disputes with unions that disrupt operations.

Operations

- An inability to maintain a competitive cost base, particularly at the Port Kembla (Australia) and Glenbrook (New Zealand) steelmaking facilities, including maintaining, extending or renewing on acceptable terms key raw materials, wages, operational supplies, services and funding.
- Energy pricing and security of supply.
- A major operational failure or disruption to BlueScope's manufacturing facilities.
- Supply chain disruption including security of supply for raw materials and energy.

Technology

- A major disruption to BlueScope's operating technology, commercial systems or communications networks.
- Cyber security threats, including cyber-attacks targeted against the Group for financial gain as well as disruption to national infrastructure arising from geopolitical action.
- Failure to leverage digital transformation to achieve our strategic objectives including customer experience, asset and process optimisation.

Financial

- Not realising and sustaining expected benefits of internal restructuring, project execution, joint ventures and acquisitions, including in relation to the construction and integration of the expansion at North Star, preparing for the future configuration of the Port Kembla Steelworks to secure Australian domestic ironmaking needs from 2026 and the integration of recent Recycling and Coated Products acquisitions in North America.
- Significant asset write-downs, particularly if market conditions deteriorate for an extended period of time.
- Cost of securing incremental funding should it be required.
- Exposure to bad and doubtful debts during an economic downturn.

For an expanded discussion on matters relating to Sustainability and Governance please refer to BlueScope's website.

Potential Emerging Risks

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

Emerging risks include:

- Geopolitical tensions which could disrupt normal business operations, logistics or supply chains in the regions in which the Group operates.
- Longer-term social impacts of a prolonged COVID-19 pandemic on BlueScope's business and the welfare and effectiveness of its employees.
- Potential for breaches of compliance obligations and increasing community expectations of Australian listed companies.

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



DETAILED EXPLANATORY TABLES

A. Detailed Income Statement

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

Table 11: Detailed income Statement

\$M	Revenue		Reported Result ¹		Underlying Result ²	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Sales revenue/EBIT ³						
Australian Steel Products	8,228.7	5,848.5	1,298.0	674.3	1,298.0	674.3
North Star BlueScope Steel	4,494.5	2,377.7	1,887.5	674.5	1,900.1	677.2
Building Products Asia & North America	4,290.9	3,125.6	456.3	328.2	418.9	333.5
Buildings and Coated Products North America	1,586.3	1,098.7	94.4	112.3	97.3	87.5
New Zealand & Pacific Islands	1,125.2	894.3	265.4	138.4	228.6	130.1
Discontinued operations	-	0.1	3.0	9.6	-	-
Segment revenue/EBIT	19,725.6	13,344.9	4,004.6	1,937.3	3,942.9	1,902.6
Inter-segment eliminations	(734.7)	(471.9)	4.3	(42.1)	4.3	(42.1)
Segment external revenue/EBIT	18,990.9	12,873.0	4,008.9	1,895.2	3,947.2	1,860.5
Other revenue/(net unallocated expenses)	39.0	29.3	(160.0)	(136.7)	(160.0)	(136.7)
Total revenue/EBIT	19,029.9	12,902.3	3,848.9	1,758.5	3,787.2	1,723.8
Finance costs			(72.4)	(71.9)	(71.3)	(70.7)
Interest revenue			13.3	9.0	13.3	9.0
Profit/(loss) from ordinary activities before income tax	3,789.8	1,695.6	3,729.2	1,662.1		
Income tax (expense)/benefit			(806.7)	(388.1)	(874.0)	(379.4)
Profit/(loss) from ordinary activities after income tax expense	2,983.1	1,307.5	2,855.2	1,282.7		
Net (profit)/loss attributable to outside equity interest			(172.9)	(114.2)	(154.1)	(116.4)
Net profit/(loss) attributable to equity holders of BlueScope Steel Ltd	2,810.2	1,193.3	2,701.1	1,166.3		
Basic earnings per share (cents)			571.5	237.0	549.4	231.6

¹ The financial report has been prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board, which are compliant with International Financial Reporting Standards (IFRS). References to 'reported' financial information throughout this report are consistent with IFRS financial information disclosed in the financial report.

² References to 'underlying' information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information, while not subject to audit or review, has been extracted from the financial report, which has been reviewed by our external auditors.

³ Performance of operating segments is based on EBIT which excludes the effects of interest and tax. The Company considers this a useful and appropriate segment performance measure because Group financing (including interest expense and interest income) and income taxes are managed on a Group basis and are not allocated to operating segments.

B. Reconciliation of Underlying Earnings to Reported Earnings

Table 12: Reconciliation of Underlying Earnings to Reported Earnings

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

	EBITDA \$M		EBIT \$M		NPAT \$M		EPS \$ ¹⁰	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Reported earnings	4,398.3	2,246.3	3,848.9	1,758.5	2,810.2	1,193.3	5.72	2.37
<i>Underlying adjustments:</i>								
Net (gains) / losses from businesses discontinued ¹	(3.0)	(9.6)	(3.0)	(9.6)	(1.9)	(9.0)	(0.00)	(0.02)
Asset impairments / (write-backs) ²	(37.3)	-	(37.3)	-	(11.5)	-	(0.02)	-
Business development and acquisition costs ³	24.4	7.9	24.4	7.9	19.0	4.2	0.04	0.01
Restructure and redundancy costs ⁴	-	6.2	-	6.2	-	4.3	0.00	0.01
Asset sales ⁵	-	(12.8)	-	(12.8)	-	(9.2)	0.00	(0.02)
Pension fund adjustment ⁶	(40.6)	(26.4)	(40.6)	(26.4)	(30.0)	(16.3)	(0.06)	(0.03)
Gain on lease termination ⁷	(5.1)	-	(5.1)	-	(3.2)	-	(0.01)	-
Tax asset impairment / (write back) ⁸	-	-	-	-	(81.5)	(10.6)	(0.17)	(0.02)
US Federal Tax payable on internal entity transfer ⁹	-	-	-	-	-	9.6	-	0.02
Underlying Operational Earnings	4,336.7	2,211.6	3,787.2	1,723.8	2,701.1	1,166.3	5.49	2.32

Table 13: Segmental underlying EBIT adjustments

FY2022 underlying EBIT adjustments \$M	North Star	ASP	BP	BCPNA	NZPI	Corp	Discon Ops	Elims	Total
Net (gains) / losses from businesses discontinued	-	-	-	-	-	-	(3.0)	-	(3.0)
Asset impairments	-	-	(37.3)	-	-	-	-	-	(37.3)
Business development and acquisition costs	12.6	-	-	11.8	-	-	-	-	24.4
Pension fund adjustment	-	-	-	(3.8)	(36.8)	-	-	-	(40.6)
Gain / (loss) on lease termination	-	-	-	(5.1)	-	-	-	-	(5.1)
Underlying Adjustments	12.6	-	(37.3)	2.9	(36.8)	-	(3.0)	-	(61.6)

¹ FY2022 mainly reflects residual royalty income (\$4.9M pre-tax) relating to the previously sold Taharoa iron sands operations, losses from the discontinued Engineered Buildings ASEAN business (\$0.4M pre-tax), and foreign exchange translation losses within the closed Lysaght Taiwan business (\$1.5M pre-tax). FY2021 reflects royalty revaluation gain (\$12.6M pre-tax) and legal costs (\$1.8M pre-tax) relating to the previously sold Taharoa iron sands operations, losses from the discontinued Engineered Buildings ASEAN business (\$0.7M pre-tax), and foreign exchange translation losses within the closed Lysaght Taiwan business (\$0.5M pre-tax).

² FY2022 reflects the write-back of previously impaired plant and equipment at Building Products Thailand due to improved earnings and increased confidence that the cash flows necessary to support the uplifted asset values are sustainable (\$46.0M pre-tax) partly offset by impairment and other costs related to the planned closure of the Lysaght Myanmar site (\$8.7M pre-tax).

³ FY2022 reflects pre commissioning costs associated with the expansion project at North Star (\$8.9M pre-tax), costs associated with the acquisition of the ferrous scrap steel recycling business of MetalX LLC (\$3.7M pre-tax) and costs associated with the acquisition of the coil coatings business from Cornerstone Building Brands, Inc (\$11.8M pre-tax). FY2021 reflects pre commissioning costs associated with the expansion project at North Star (\$2.7M pre-tax) and integration and pre-commissioning associated with the Malaysian cold rolling facility acquired from YKGI Holdings at Building Products Asia & North America (\$5.2M pre-tax).

⁴ FY2021 reflects employee redundancy and restructuring costs at New Zealand & Pacific Islands (\$4.6M pre-tax) and at Buildings North America (\$1.6M pre-tax).

⁵ FY2021 reflects a gain on land that was part of an 'asset swap' arrangement at New Zealand & Pacific Islands (\$12.8M pre-tax).

⁶ FY2022 reflects a net settlement gain recognised relating to the defined benefit pension fund in New Zealand (\$36.8M pre-tax) following the acceptance of a lumpsum payment by some pensioner and employee members and a true-up adjustment received relating to the wind up of the defined benefit pension fund in North America (\$3.8M pre-tax). FY2021 EBIT reflects the final 'true-up' adjustment relating to the termination of the Buildings North America defined benefit pension fund (\$26.4M pre-tax).

⁷ FY2022 reflects a gain received on termination of a building lease at Buildings and Coated Products North America (\$5.1M pre-tax).

⁸ FY2022 reflects the write-back of previously impaired deferred tax assets, including the full recognition of previously unbooked carried forward tax losses, in New Zealand (\$81.5M). FY2021 reflects write-back of previously impaired deferred tax assets in New Zealand (\$10.6M).

⁹ FY2021 reflects US Federal tax payable on internal transfer of Global BMC Mauritius (Holdings) Ltd. legal entity from a North America holding company to an Australian holding company.

¹⁰ EPS is based on the average number of shares on issue during the respective reporting periods of 491.7M in FY2022 and 503.6M in FY2021.

C. Cash Flow Statement

Table 14: Consolidated cash flow statement

\$M	FY2022	FY2021	Variance
Reported EBITDA	4,398.3	2,246.3	96%
Add cash / (deduct non-cash) items			
- Share of profits from associates and joint venture partnership not received as dividends	(29.5)	(25.2)	(17%)
- Expensing of share-based employee benefits	20.6	22.6	(9%)
- Impairment of Assets	(38.6)	-	(100%)
- Net (gain) loss on sale of assets	(4.2)	(10.0)	58%
Cash EBITDA	4,346.6	2,233.7	95%
Changes in working capital	(1,399.2)	(447.4)	(213%)
Gross operating cash flow	2,947.4	1,786.3	65%
Finance costs	(70.4)	(68.3)	(3%)
Interest received	12.9	9.0	43%
Income tax paid ¹	(417.9)	(68.8)	(508%)
Net cash from operating activities	2,472.0	1,658.2	49%
Capex: payments for P, P & E and intangibles	(763.7)	(760.4)	(0%)
Other investing cash flows	(996.1)	3.0	(37,765%)
Net cash flow before financing	712.2	900.8	(21%)
Buy-backs of equity	(638.1)	-	(100%)
Dividends to BlueScope Steel Limited shareholders	(344.0)	(70.5)	(388%)
Dividends to non-controlling interests ²	(69.1)	(30.4)	(127%)
Net drawing / (repayment) of borrowings	100.6	(96.5)	204%
Net drawing / (repayment) of leases	(104.7)	(101.5)	(3%)
Other	3.7	3.0	26%
Net increase/(decrease) in cash held	(339.4)	604.9	(156%)

¹ The BlueScope Steel Australian tax consolidated group is estimated to have carry forward tax losses, as at 31 December 2021, of approximately \$135M. There will be no Australian income tax payments until these are recovered.

² These dividend payments primarily relate to dividend payments to Nippon Steel Corporation (NSC) in respect of NS BlueScope Coated Products joint venture.

BOARD COMPOSITION AND MEETINGS

Board Composition

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

John Andrew Bevan (Chairman)	
Mark Royce Vassella	
Penelope Bingham-Hall	Retired 31 October 2021
Ewen Graham Wolseley Crouch AM	
Rebecca Patricia Dee-Bradbury	
Jennifer Margaret Lambert	
Richard Mark Hutchinson	Resigned 17 May 2022
Kathleen Marie Conlon	
K'Lynne Johnson	Appointed 1 January 2022
ZhiQiang Zhang	Appointed 1 January 2022

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

Directors' Biographies

John Bevan, Chairman (Independent)

Age 65, BCom (Mkt)

Director since: March 2014

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

Mr Bevan was CEO and a director of Alumina Limited from 2008 to 2014. Before joining Alumina Limited in 2008 Mr Bevan spent 29 years in a variety of senior management roles with BOC Group, including as a director on The BOC Group plc board, Chief Executive Process Gas Solutions with responsibility for the bulk and tonnage business for the entire BOC group, Chief Executive Asia and country lead roles in the United Kingdom, Thailand and Korea. Mr Bevan is Chairman of Ansell Limited and Deputy Chair of the Humpty Dumpty Foundation and is a non-executive director of Balmoral Iron Pty Ltd.

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

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

Mark Vassella, Managing Director & Chief Executive Officer

Age 59, BCom, MBA

Director since: January 2018

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

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

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

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

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

Ewen Crouch AM, Non-executive Director (Independent)

Age 66, BEc (Hons) LLB, FAICD

Director since: March 2013

Directorships of other listed entities in the past three years: Non-executive director of Corporate Travel Management Limited (March 2019 to date), AnteoTech Ltd (April 2022 to date), Westpac Banking Corporation (February 2013 to December 2019).

Mr Crouch is a director and Chairman of both Corporate Travel Management Limited and AnteoTech Ltd. He is a Fellow of the Australian Institute of Company Directors. Mr Crouch is also a board member of Jawun. Mr Crouch was a Partner at Allens from 1998 to 2013 where his roles included Chairman of Partners, Co-Head Mergers and Acquisitions and Equity Capital Markets, Executive Partner – Asian Offices and Deputy Managing Partner, as well as 11 years' service on its board. He served as a director of Mission Australia between 1995 and 2016, including 7 years as its Chairman.

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

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

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

Rebecca Dee-Bradbury, Non-executive Director (Independent)

Age 54, BBus (Mkt), GAICD

Director since: April 2014

Directorships of other Australian listed entities in the past three years: Non-executive Director of Energy Australia Holdings Ltd (April 2017 to date), Australian Foundation Investment Company Ltd (May 2019 to date), GrainCorp Limited (September 2014 to February 2020).

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

Ms Dee-Bradbury is a director of Energy Australia Holdings Ltd and Australian Foundation Investment Company Ltd and a former director of GrainCorp Limited and Tower Limited (NZ). She is a member of Chief Executive Women and of the WomenCorporateDirectors Foundation, and a former member of the Federal Government's Asian Century Strategic Advisory Board and the Business Advisory Board at the Monash Business School. Ms Dee-Bradbury brings to the Board significant experience in strategic brand marketing, customer relationship management, digitisation and innovation.

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

Jennifer Lambert, Non-executive Director (Independent)

Age 55, BBus, MEc, CA, FAICD

Director since: September 2017

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

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

Ms Lambert has extensive business and leadership experience at the senior executive and board level. Ms Lambert was Group Chief Financial Officer of 151 Property (previously known as Valad Property Group) from 2003 to 2016, where her responsibilities included operational and strategic finance, tax, treasury, legal and compliance. Prior to this, Ms Lambert was a director at PricewaterhouseCoopers specialising in capital raisings, and structuring and due diligence for acquisitions and disposals across various industries.

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

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

Kathleen Conlon, Non-executive Director (Independent)

Age 58, BA (Econ)(DIST), MBA, FAICD

Director since: February 2020

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

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

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

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

K'Lynne Johnson, Non-executive Director (Independent)

Age 54, BSc(OrgPsych), MOrgBehav

Director since: January 2022

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

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

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

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

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

Ms Johnson is based in North America.

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

ZhiQiang Zhang, Non-executive Director (Independent)

Age 60, BEng(Elec), MBA, FAICD

Director since: January 2022

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

Mr Zhang is a former non-executive director of the Swedish Chamber of Commerce in China (2016-2022). He is also a former non-executive director of Georg Fischer AG (2005-2021) and Datwyler Holding AG (2016-2021), companies listed on the Swiss Stock Exchange. Mr Zhang is currently the Vice-Chairman of the Swiss Chamber of Commerce in China and the Operating Partner of CITIC Capital (a Chinese private equity company with offices in Beijing, Shanghai, Hong Kong, and the United States of America). Mr Zhang has been an advisor to CLEC Co Ltd since 2022.

Mr Zhang has extensive business and leadership experience at the senior executive level including over 25 years at Siemens and Siemens Nokia Networks with his last role as President & Chief Executive Officer, Greater China Region (2005-2012). More

recently, Mr Zhang was President of the Asia Pacific Region and a member of the Group Executive Management team of Sandvik AB (2012-2018) and Group Senior Vice President & President of ABB China (2018-2021).

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

Mr Zhang is based in China.

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

Company Secretaries

The following are Company Secretaries of the Company:

Penny Grau, BCom, LLB, LLM

Responsible for the Company secretarial matters of BlueScope. Appointed the Company Secretary & Group Counsel Governance on 30 June 2022 following her appointments as Group Counsel – Secretariat with BlueScope on 6 November 2017, and a company secretary on 27 November 2017. Previously occupied positions of general counsel and company secretary of a number of listed companies for 10 years, and prior to this practiced as a corporate lawyer for 18 years.

Debra Counsell, BA, LLB

Global responsibility for legal affairs, ethics and compliance of BlueScope. Appointed Chief Legal Officer on 1 January 2017 and Company Secretary on 1 July 2017. Prior to that occupied the position of General Counsel – Corporate at BlueScope since 2014, following 23 years of private practice in Australia, Asia and Europe.

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

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

Director	Ordinary shares	Share rights
J A Bevan	62,797	
M R Vassella	941,503	438,982
E G W Crouch	32,500	-
R P Dee-Bradbury	27,300	-
J M Lambert	17,772	
K M Conlon	10,208	-
Z Zhang	-	-
K L Johnson	-	-

Meetings of Directors

Attendance of the Directors at Board and Board Committee meetings from 1 July 2021 to 30 June 2022 is as follows:

	Board Meetings		Audit Committee		Remuneration and Organisation Committee		Health, Safety and Environment Committee		Nomination Committee		Risk and Sustainability Committee		Annual General Meeting	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
J A Bevan	17	17	-	4 ²	5	5	4	4	6	6	-	4 ²	1	1
M R Vassella	17	16	-	4 ¹	-	5 ¹	4	4	-	6 ¹	-	4 ¹	1	1
P Bingham-Hall	8	8	-	1 ²	-	-	1	1	1	1	1	1	-	-
E G W Crouch	17	17	4	4	-	4 ²	4	4	6	6	4	4	1	1
R P Dee-Bradbury	17	16	-	2 ²	5	5	4	4	6	6	-	2 ²	1	1
J M Lambert	17	17	4	4	-	3 ²	4	4	6	6	4	4	1	1
R M Hutchinson	15	14	-	1 ²	3	2	3	3	5	4	3	3	1	1
K M Conlon	17	17	4	4	5	5	4	4	6	6	-	-	1	1
Z Zhang	6	6	-	1 ²	-	-	2	2	4	4	1	2 ³	-	-
K Johnson	6	6	-	1 ²	1	2 ³	2	2	4	4	-	1 ²	-	-

¹ The Managing Director and Chief Executive Officer is not a Committee member and attends by invitation as required.

² The Director is not a Committee member and attended pursuant to their standing invitation.

³ The Director attended the meeting by invitation before becoming a member of the Committee.

With the exception of Ms Bingham-Hall, Mr Hutchinson, Mr Zhang and Ms Johnson, all current Directors have held office for the entire year ended 30 June 2022.

A = Number of meetings held in the period 1 July 2021 to 30 June 2022 during which time the relevant Director was a member of the Board or the Committee, as the case may be.

B = Number of meetings attended by the relevant Director from 1 July 2021 to 30 June 2022.

Directors meet regularly in the absence of management.

REMUNERATION REPORT

This forms part of the Directors' Report



Message from the Board

BlueScope made strong strategic, operational and financial progress in FY2022, delivering a record full-year result of \$3.79 billion underlying Earnings Before Interest and Tax (EBIT), and Return on Invested Capital (ROIC) of 41.6 per cent, both the highest in our 20 year listed history. Against a backdrop of economic volatility and operational challenges, the business portfolio has demonstrated its strength and resilience with this result, supported by strong demand and global steel prices.

Operating cash flow, after capital expenditure including on the North Star expansion, was \$1.71 billion¹. From this, investments of \$1 billion were made in the US acquiring the MetalX ferrous recycling business and the Coil Coatings business. During the year, we also delivered shareholder returns of nearly \$1 billion and maintained a strong balance sheet – with \$367 million net cash at 30 June 2022.

FY2022 has been a year of major achievement and progress in the US, with the acquisition of new businesses and the expansion of the existing business. BlueScope's total investment in the US is now around \$5 billion, with nearly 4,000 employees. The business network that we have assembled forms the exceptional backbone of our US value chain and is well positioned for future growth.

Despite the economic volatility and operational challenges, that the COVID-19 pandemic has presented, BlueScope has performed strongly across a range of key areas in FY2022.

Environmental, Social and Governance (ESG)

After listening to market feedback and as foreshadowed in the FY2021 Remuneration Report, the Board reviewed the performance measures and targets in the Short Term Incentive (STI) plan ahead of FY2022. To reflect the increasing importance of ESG as a measure of long-term sustainable success, the STI scorecard has been rebalanced. As a result, the weighting in the scorecard for safety and other ESG measures including climate change was increased, and safety measures aligned to the broader safety evolution program. Further detail on the FY2022 STI design is available in Section 5.2.

Health, Safety and Environment (HSE)

In FY2022, BlueScope employees completed over 243 team-based HSE risk control improvement projects. 1,372 leaders have now participated in the safety risk management program, with 112 of BlueScope's supply chain and industry partners also participating through the year. Accordingly, the component of the STI linked to leading safety indicators was achieved at slightly below the target level.

At 7.1, the lagging injury metric Total Recordable Injury Frequency Rate (TRIFR) remains slightly above the long-term range of 5-7, just missing the threshold required under the STI. However, the FY2022 injury profile continues to be lower severity injuries, and there were no fatalities during the year. The results represent encouraging progress on our lag indicators, especially given the challenging operating

environment during the year, with sustained pandemic impacts, labour shortages, strong demand, execution of major projects, and the growth of our overall workforce. Accordingly, the Company missed the threshold and no STI was paid to the MD&CEO for this component. A 5 per cent reduction was also applied to the CFO whose STI maximum was reduced from 150 to 145 per cent of target, reflecting the forgone safety component.

Climate Action

BlueScope continued to make progress in addressing climate change through the financial year². Steelmaking emissions intensity is tracking close to target with a 3.6 per cent reduction since FY2018. Midstream emissions intensity has decreased 3.7 per cent overall since FY2018, however increased in FY2022 on lower despatch volumes due to supply chain constraints and disruptions.

We are making progress on a range of projects to both optimise existing operating assets, as well as investigate and prepare for emerging and breakthrough technology.

Inclusion & Diversity

BlueScope continues to build an inclusive workforce which reflects the diversity of the communities in which we operate. Female representation has continued to grow from 22 per cent in FY2021 to 24 per cent in FY2022, and the Board and Executive Leadership team have achieved 50 per cent and 40 per cent representation respectively. Recruitment and retention of women has been challenging due to low unemployment, high job vacancies (particularly in the US) and pandemic-related impacts across the BlueScope footprint. 'Beyond gender' strategies are emerging across the business, designed to suit local community needs – such as a focus on ethnicity in the US, resulting in ethnically diverse recruitment of 42 per cent for all new hires in FY2022.

Remuneration Framework Overview

BlueScope's remuneration framework is designed to maintain a deliberate and continued focus on financial fundamentals, and provide more value to executives at less cost to shareholders. In summary:

- The quantum of Total Reward is set below the median of our market peers, with fixed pay at, or slightly above the median, and Short Term Incentive (STI) set lower than our peers.
- The quantum of our Alignment Rights is set lower than market peers, reflecting our objective to perform above our peers return on invested capital through the cycle.
- The framework drives alignment of executives with shareholders through equity ownership, both through the design of the Alignment Rights and minimum shareholding requirements which apply to the Executive Leadership Team.

¹ Cash flow before investment expenditure and financing.

² Achieving BlueScope's 2050 net zero goal is highly 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.

Consideration has been given again this year to the continuing impact of COVID-19 and market uncertainty on remuneration programs. No significant changes have been required, as the mechanisms for ensuring alignment during times of volatility are already in place and working as intended.

FY2022 Performance and Reward Outcomes

The FY2022 remuneration outcomes reflect our strong business performance and are aligned to shareholder returns delivered during the year. The Board is satisfied that management has performed well, delivering strong financial outcomes. Significant progress has been made on the transformation and growth agenda, despite the economic and operational volatility experienced during the year. The Board is committed to ensuring that BlueScope's remuneration policies and practices reflect the Company's forward-looking strategy and Our Bond, and are consistent with the need to attract and retain the right global talent for the future.

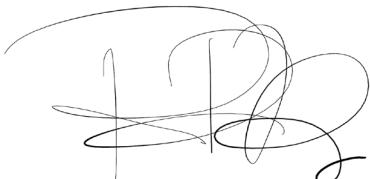
Fixed Remuneration

The MD&CEO received a 5 per cent increase to his fixed remuneration in FY2022. This is the first increase provided to him since his appointment in January 2018. Certain Executive KMP also received a 5 per cent increase to their fixed pay in FY2022. Fixed pay increases were provided upon completion of a robust remuneration benchmarking exercise in the relevant local markets.

Short Term Incentives

The STI awarded to the MD&CEO was 82 per cent of maximum, and for other Executive KMP, awards ranged from 73 to 97 per cent of maximum. The STI scorecard is designed so that while each objective can be assessed between 0 and 200 per cent, the total scorecard is capped at 150 per cent of target (equal to 100 per cent of maximum). In FY2022, the MD&CEO and CFO's maximum opportunity was further reduced to 145 per cent of target (97 per cent of maximum) as a result of not meeting the TRIFR threshold. At the end of the year, the Board considered performance against each of the STI objectives, as well as the overall performance of BlueScope, the experience of shareholders and other employees, to ensure alignment. The Board is satisfied that the STI awards appropriately reflect individual, business and Group performance. More detail on the STI outcomes is available in Section 4.2.

Across the Company, over 60 per cent of our employees participate in business unit Profit Share Plans. Payouts under these plans in FY2022 also reflect our strong business performance and shareholder returns, and the exceptional efforts of employees in delivering in a challenging operational environment.



Rebecca Dee-Bradbury
Chairman, Remuneration & Organisation Committee

Alignment Rights (Long Term Incentive)

Over the three-year period to 30 June 2022, management delivered an average ROIC above the threshold hurdle, combined with careful debt management consistent with the objectives of our Financial Framework. As a result, both performance conditions of the FY2020 Alignment Rights have been met and awards will vest in full in September 2022.

Non-Executive Director fees

Following a market review of the Non-Executive Director fees, the Chairman and Directors' base fee was increased by 3 per cent, for the first time in several years.

Due to the changing shape of the Board to reflect BlueScope's growth strategy and the increasing amount of travel, particularly to the US, an international travel allowance was introduced to ensure that Board members are remunerated adequately. This reflects the increased difficulty and risk in travel inherent in the post-COVID landscape.

Further, with the appointment of a new US-resident Director, the operation of the Non-Executive Director Minimum Shareholding Policy has been amended to recognise US tax requirements. Further detail on these changes is available in Section 6.

Changes in FY2023

The Board remains cognisant of the importance of ensuring market competitive fixed remuneration for executive KMP. We monitor and review remuneration annually, with regard to economic indicators, market movements and talent attraction and retention challenges. Generally, we have not passed on fixed pay increases to executive KMP each year, rather, these have been limited to individual market-based adjustments, or increases reflecting sustained high performance. However, the Board has decided to increase fixed remuneration by 3 per cent in FY2023 for the MD&CEO, recognising the significant inflationary pressures in our operating markets.

With the importance of the US in BlueScope's portfolio, there is an increasing requirement to attract and retain US-based executive talent. A detailed review of the equity-based component of US remuneration will be undertaken in FY2023. Any changes impacting KMP will be disclosed in the FY2023 Remuneration Report.

We trust that this Report clearly outlines the links between our strategy, performance, and executive remuneration alignment with shareholder interests. The Company is committed to a positive and transparent relationship with all its stakeholders, and we would like to thank you for your continued support at our Annual General Meeting in November.



John Bevan
Chairman

Colorbond®



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The Board of Directors (Directors) of BlueScope Steel Limited (the Company) present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the Company and its consolidated entities ('BlueScope' or 'Group') for the year ended 30 June 2022. The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*. This Remuneration Report forms part of the Directors' Report.

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



1. Who is Covered by this Report?

The following people were KMP for the full FY2022 reporting period except where otherwise indicated. There were no changes to KMP subsequent to the end of FY2022 and the date of release of this report.

Name	Position	
Executives		
Mark Vassella	Managing Director & Chief Executive Officer	
Tania Archibald	Chief Financial Officer	
Pat Finan¹	Chief Executive, Hot Rolled Products	
Alec Highnam²	Chief Executive, BlueScope Buildings	
John Nowlan	Chief Executive, Australian Steel Products	
Gretta Stephens³	Chief Executive, New Zealand and Pacific Islands and Chief Executive, Climate Change	
Robin Davies⁴	Chief Executive, New Zealand and Pacific Islands	
Connell Zhang	Chief Executive NS BlueScope	
Non-Executive Directors		Remuneration & Organisation Committee
John Bevan	Chairman of the Board	✓
Kathleen Conlon	Non-Executive Director	✓
Ewen Crouch AM	Non-Executive Director	
Rebecca Dee-Bradbury	Non-Executive Director	Chair
Mark Hutchinson⁵	Non-Executive Director	✓
Jennifer Lambert	Non-Executive Director	
ZhiQiang Zhang⁶	Non-Executive Director	
K'Lynne Johnson⁷	Non-Executive Director	✓
Penny Bingham-Hall⁸	Non-Executive Director	

¹ P Finan was appointed to the role of Chief Executive, North America effective 14 July 2022, following the end of the reporting period. This change will be reflected in the FY2023 Remuneration Report.

² A Highnam ceased in the role of Chief Executive, BlueScope Buildings on 8 October 2021 and the role ceased to exist in the structure from this date.

³ G Stephens ceased in the combined role of Chief Executive, New Zealand and Pacific Islands and Chief Executive, Climate Change on 31 December 2021 and the role ceased to exist in the structure from this date. Two standalone roles of Chief Executive, New Zealand and Pacific Islands and Chief Executive, Climate Change and Sustainability were created in the structure. G Stephens will continue in the role of Chief Executive, Climate Change and Sustainability, but is not considered a KMP from 1 January 2022.

⁴ R Davies commenced in the role of Chief Executive, New Zealand and Pacific Islands from 1 January 2022 and is considered a KMP from this date

⁵ M Hutchinson ceased in the role of Non-Executive Director on 17 May 2022.

⁶ Z Zhang was appointed to the role of Non-Executive Director on 1 January 2022.

⁷ K Johnson was appointed to the role of Non-Executive Director on 1 January 2022.

⁸ P Bingham-Hall ceased in the role of Non-Executive Director on 31 October 2021.

2. Frequently Asked Questions

Key Questions	BlueScope Response	Further Info
Remuneration Framework		
1. How does the remuneration framework align to the Company's Strategy?	<p>The remuneration framework aligns to our investment proposition to deliver returns through the cycle. It supports the delivery of the strategy through the STI which rewards Executives for:</p> <ul style="list-style-type: none"> growing the business and delivering ROIC and cash flow targets annually; influencing what sustains the business - cost control, debt management, and balance sheet integrity; delivery on key non-financial areas critical to business success, such as safety, other ESG measures and strategic projects such as investments in new and emerging digital technologies, building manufacturing and supply chain capability to support future sales growth, and talent management and succession planning of senior leadership roles. <p>The design of the Alignment Rights reduces the impact of external cyclicalities in business performance on Executive reward outcomes. The significant weighting to equity in the mix of total reward, combined with the minimum shareholding requirements for the Executive Leadership Team, means that Executives are encouraged to act like owners and their remuneration outcomes are directly aligned to the shareholder experience.</p>	Section 3
2. Why is fixed pay market positioning set high and variable reward opportunity set low relative to market median?	BlueScope's fixed remuneration is set at or slightly above the median of our market competitors but is offset by lower variable reward – so total reward is lower than the market median for comparable organisations. The lower total reward is balanced against increased certainty of payment, while the significant weighting to equity encourages optimal management in favour of shareholders through the cycle.	Section 3
3. Why is there significant focus on non-financial measures in the STI plan?	Under the FY2022 STI plan, financial and non-financial measures are weighted equally, each carrying weighting of 50 per cent. The non-financial measures are aligned with BlueScope's strategy and have a strong focus on long-term sustainable success and the future growth of the Company. The non-financial measures were carefully selected by the Board after considering feedback received from investors and other stakeholders. The STI scorecard was rebalanced to reflect the importance of ESG and safety indicators as a measure of sustainable success. The individual strategic objectives are aligned with our strategy and heavily focused on transformation and growth.	Section 5.2

Key Questions	BlueScope Response	Further Info																																														
4. Are Alignment Rights' hurdles sufficiently challenging?	<p>Our Alignment Rights plan is designed to focus Executives on sustainable growth through the cycle, and reward them for generating shareholder returns. The hurdles are set at threshold level to reduce the impact of external cyclicity on reward outcomes. It is expected that the plan will vest regularly and in recognition of this increased certainty awards are lower in quantum relative to the market.</p> <p>The Alignment Rights have a threshold ROIC hurdle of 10 per cent and a net debt to EBITDA ratio of less than 1.3x averaged over the three-year performance period. Achieving the ROIC hurdle would achieve a Weighted Average Cost of Capital (WACC) over 3 years:</p> <ul style="list-style-type: none"> above median compared to major global steel companies, and above 3rd quartile compared to the ASX100. <p>This is shown in the table below, for data reported up to 6 July 2022.</p> <table border="1"> <thead> <tr> <th></th> <th>1st quartile</th> <th>2nd quartile</th> <th>3rd quartile</th> </tr> </thead> <tbody> <tr> <td>ASX100</td> <td>19%</td> <td>11%</td> <td>6%</td> </tr> <tr> <td>Remuneration peers</td> <td>14%</td> <td>10%</td> <td>7%</td> </tr> <tr> <td>Major steel companies</td> <td>11%</td> <td>9%</td> <td>4%</td> </tr> </tbody> </table> <p>Table references minimum ROIC for each quartile. Simple average over periods. Quartiles allocated by number of companies. ROIC defined as underlying EBIT / (assets (excl. cash and deferred tax assets) – liabilities (excl. financial debt, lease liabilities and deferred tax liabilities)). Periods based on constituent annual reporting. Excludes companies which did not return a meaningful value. ASX100 Index constituents as at 6 July 2022. 'Major steel companies' reflects major listed steel making companies operating across geographies including Asia, US and Europe.</p> <p>This measure drives our Executives to deliver consistent, sustainable performance – even during extremes in the cycle.</p> <p>The chart below presents BlueScope's three-year average ROIC performance since FY2009 along with the Alignment Rights hurdle.</p> <p>Three-year rolling ROIC performance (%)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Actual ROIC (%)</th> </tr> </thead> <tbody> <tr><td>FY09</td><td>14.2%</td></tr> <tr><td>FY10</td><td>9.3%</td></tr> <tr><td>FY11</td><td>1.6%</td></tr> <tr><td>FY12</td><td>-0.5%</td></tr> <tr><td>FY13</td><td>-1.3%</td></tr> <tr><td>FY14</td><td>0.7%</td></tr> <tr><td>FY15</td><td>4.2%</td></tr> <tr><td>FY16</td><td>6.8%</td></tr> <tr><td>FY17</td><td>11.5%</td></tr> <tr><td>FY18</td><td>16.0%</td></tr> <tr><td>FY19</td><td>19.3%</td></tr> <tr><td>FY20</td><td>15.7%</td></tr> <tr><td>FY21</td><td>17.3%</td></tr> <tr><td>FY22</td><td>24.7%</td></tr> </tbody> </table>		1 st quartile	2 nd quartile	3 rd quartile	ASX100	19%	11%	6%	Remuneration peers	14%	10%	7%	Major steel companies	11%	9%	4%	Year	Actual ROIC (%)	FY09	14.2%	FY10	9.3%	FY11	1.6%	FY12	-0.5%	FY13	-1.3%	FY14	0.7%	FY15	4.2%	FY16	6.8%	FY17	11.5%	FY18	16.0%	FY19	19.3%	FY20	15.7%	FY21	17.3%	FY22	24.7%	Section 3, Section 5.3
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5. Why is there no linear vesting of Alignment Rights when hurdles are not met?	<p>The Alignment Rights plan is designed to focus Executives on sustainable growth through the cycle. The hurdles are set at 'threshold' level and the quantum of award is set lower than market peers, meaning there is an increased likelihood of vesting, if the threshold measures are achieved over the cycle.</p> <p>Unlike traditional long-term incentives with linear vesting outcomes based on threshold to outperformance and a higher quantum of award, the BlueScope Alignment Rights plan drives consistent, sustainable performance, even during extremes in the cycle.</p>	Section 5.3																																														
6. Why are the Alignment Rights' hurdles based on absolute measures, rather than relative performance against peers?	<p>The Board conducts an annual review of the performance hurdles in the variable reward plans. The Board believes that ROIC and Net Debt Ratio remain the most suitable targets to measure BlueScope's long-term performance over the business cycle.</p> <ul style="list-style-type: none"> ROIC creates clear value for shareholders and is a highly relevant measure that reflects the capital-intensive nature of the industry and markets in which BlueScope operates, and incentivises Executives to be disciplined with invested capital, and The Debt Leverage Ratio provides clear linkage with BlueScope's strategy to retain a strong balance sheet through the cycle and reflects the cyclical nature of the industry and markets in which BlueScope operates. 	Section 5.3																																														

Approach to FY2022		
7. What changes have been made in FY2022 and why were they made?	<p>Key changes to the framework were foreshadowed in the FY2021 Remuneration Report and are summarised below:</p> <ul style="list-style-type: none"> STI Safety: The weighting for the safety measures increased from 5 per cent to 10 per cent, reinforcing our focus on safety. The measure includes both leading and lagging safety indicators to emphasise zero harm to our employees, contractors and customers. STI ESG: A weighting of 15 per cent was allocated to ESG to ensure annual focus is maintained on key areas of sustainability for the business. The ESG measures are quantifiable and include targets for BlueScope's year on year emissions reduction, business-specific climate change objectives and a diversity and inclusion objective. STI Individual Strategic Objectives: The weighting was reduced from 45 per cent to 25 per cent to focus on enterprise-wide critical strategic initiatives. STI targets set annually: The Board reverted to the setting of STI targets annually. As the risk of uncertainty arising from COVID-19 on the global economy stabilised in 2021, the Board considered it appropriate to return to the usual practice of setting STI targets annually. Non-Executive Director fees: The Board decided to increase the base fees to align with market movements. Effective 2 January 2022, the annual base fee for the Chairman and Directors was increased by 3 per cent. There was no increase to any Committee fees in FY2022. In addition, a travel allowance of \$5,000 per Non-Executive Director, per international trip, was introduced to address the increasing amount of travel imposed on Directors, due to BlueScope's expanding global business. 	Section 5.2, Section 6
8. Has the Non-Executive Director's Minimum Shareholding Policy changed in FY2022?	<p>The Non-Executive Director's Minimum Shareholding Policy has not changed materially, and it remains a requirement for Non-Executive Directors to accumulate over time a shareholding equivalent to their annual base fees.</p> <p>With the appointment of a new US-resident Director, the operation of the Policy has been amended to recognise US tax requirements, such that, for US-resident Non-Executive Directors the minimum shareholding requirement is satisfied by holding share rights, instead of shares, equivalent to their annual base fee.</p>	Section 6
FY2022 Outcomes		
9. How do reward outcomes reflect Company performance?	<p>BlueScope delivered:</p> <ul style="list-style-type: none"> Total shareholder return of (25) per cent in FY2022, A record full-year result of \$3.79 billion underlying EBIT and ROIC of 41.6 per cent, both the highest in our 20 year listed history, Operating cash flow for the year, after capital expenditure, was \$1.71 billion¹ Significant progress on our HSE leadership agenda, Significant climate action progress with the release of BlueScope's first Climate Action Report, and Solid performance over the last three years. <p>Accordingly, the Short Term Incentive award for the MD&CEO was 82 per cent of maximum, and for other Executive KMP ranged from 73 to 97 per cent of maximum. The FY2020 Alignment Rights will vest in full. The Board is satisfied that the reward outcomes appropriately reflect individual, business and Group performance, and are aligned to the experience of shareholders and other employees.</p>	Section 4
10. How and why did the Board apply discretion in relation to FY2022 reward outcomes?	<p>At the end of FY2022, the Board reviewed the full year outcome and determined that, while BlueScope benefitted from the macro environment, management was able to operate at maximum capacity while being challenged by COVID-19, supply chain logistics and significant workforce growth, without major business disruption.</p> <p>As the threshold level of safety performance (TRIFR) was not achieved, the Board reduced the maximum STI that could be awarded to the MD&CEO and CFO to 145 per cent.</p>	Section 4
11. Were there any fixed pay increases for the MD&CEO in FY2022?	<p>When the MD&CEO was appointed in 2018, his Total Remuneration was set significantly lower than his predecessor, reflecting the new remuneration framework. Despite strong performance, the MD&CEO has not received an increase since his appointment. As disclosed in the FY2021 Remuneration Report, there was an increase in his fixed pay by 5 per cent in FY2022, resulting in Fixed Remuneration aligned to BlueScope's overall reward philosophy and target market position.</p>	Section 5.6
12. Why has the Chief Executive, Hot Rolled Products, received a much higher short-term incentive award relative to other Executive KMP?	<p>This role is critical to the delivery of North Star expansion, and therefore P Finan participates in a Project Incentive plan in addition to the STI plan. The Project Incentive reflects both the criticality of the project to BlueScope and remuneration practices in the competitive US market. The Project Incentive runs on a calendar year, and accordingly there is some overlap with reporting for the financial year. The short-term variable reward amounts disclosed in this report for P Finan include actual amounts awarded for the FY2022 STI and CY2021 Project Incentive for the period 1 July to 31 December 2021, and an estimate of the CY2022 Project Incentive for the period 1 January – 30 June 2022.</p>	Section 4

¹ Cash flow before investment expenditure and financing.

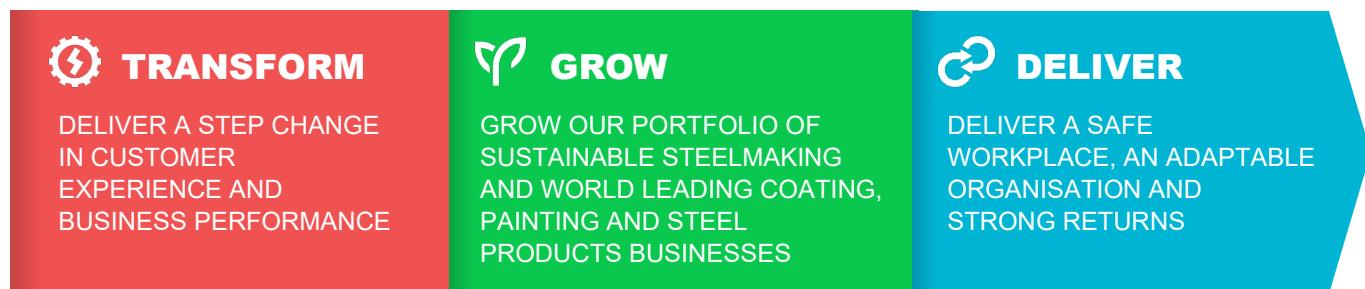
13.Why was the MD&CEO STI award granted in share rights at the outset, rather than at the end of the performance period?	<p>Under the rules of the STI plan, participating Executives may elect to receive their STI award either in cash or partly or wholly in share rights. If an election is made to take the award partly or wholly in share rights, the rights are granted at maximum opportunity, at the outset of the performance period.</p> <p>This allows Executives the opportunity to boost their shareholding in the Company, further aligning their interests with those of shareholders. Further, granting the share rights at the outset of the performance period provides additional leverage during the period, meaning that whilst the Executives may enjoy the upside potential, they must also bear the downside risk associated with the additional leverage through the period. This arrangement has the benefit of focusing Executive effort on share price growth right from the outset, as intended.</p>	Section 5.2
14.Were there any sign-on or termination payments made to Executive KMP in FY2022?	<p>C Zhang was appointed Chief Executive NS BlueScope on 1 April 2021. Under the terms of his employment, he is entitled to restricted shares to the total value of SG\$ 800,000 in two equal tranches in September 2021 and September 2022 to reflect foregone equity from his previous employer and align his remuneration with shareholder outcomes from the onset. On 2 September 2021, he was issued 22,448 restricted shares to the value of SG\$400,000 under the first tranche and will receive the balance in September 2022.</p> <p>No termination payments were made to Executive KMP in FY2022.</p>	Section 5.6
FY2023 Remuneration Changes		
15.Are any changes anticipated to remuneration in FY2023?	<p>The Board remains cognisant of the importance of ensuring market competitive fixed remuneration for executive KMP. We monitor and review remuneration annually with regard to economic indicators, market movements and talent attraction and retention challenges. Generally, we have not passed on fixed pay increases to executive KMP each year, rather, these have been limited to individual market-based adjustments or increases reflecting sustained high performance. The Board has decided to increase fixed remuneration by 3 per cent for the MD&CEO in FY2023.</p>	Section 5.4
16.With the increasing importance of the US in BlueScope's portfolio, will there be any change to the remuneration approach to better match this market?	<p>It is expected that there will be an increasing requirement to attract and retain local US-based executive talent. 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.</p>	Section 5.4

3. Remuneration at a Glance

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

Our Strategy

Our Strategy sets out how we will deliver on Our Purpose and deliver strong returns and sustainable outcomes over the next five years and beyond. Our Strategy drives transformation and growth, while continuing to deliver on core expectations for our stakeholders. Core elements of Our Strategy include investment in carbon reduction technologies, product and service innovation, and delivering a safe, inclusive and diverse workplace.



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

Our Remuneration Principles

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



FY2022 Executive Remuneration Framework

Total Remuneration			
Total remuneration is designed to attract and retain capable and experienced Executives, reward them for creating long term, sustainable value and provide a direct link between the interests of shareholders and Executives.			
	FIXED PAY	SHORT TERM INCENTIVE	ALIGNMENT RIGHTS
Purpose	Attract and retain experienced and capable leaders	Drive and reward the achievement of challenging annual performance targets	Create long term, sustainable value and shareholder alignment through equity ownership
Description	Salary and other benefits (including statutory superannuation)	Annual incentive opportunity delivered in cash, equity or a mixture of both (as elected by each Executive), awarded based on the achievement of financial, safety and individual targets	Three-year incentive opportunity delivered through share rights, with vesting dependent on achievement of threshold measures that deliver acceptable returns above WACC through the cycle
Link to Strategy/ Performance	Rewards sustained performance in role	<ul style="list-style-type: none"> Significant proportion of outcomes are subject to the achievement of financial targets linked to capital discipline and returns, a pillar of BlueScope's investment proposition Challenging and meaningful threshold, target and stretch objectives set by the Board annually for each measure 	<ul style="list-style-type: none"> Reward for sustainable multi-year performance in line with BlueScope's investment proposition to deliver returns through the cycle Awards vest on achievement of threshold hurdles
Market positioning	Set at or slightly above the median of peer group	Target and maximum quantum set below median of peer group	Quantum set below median of peer group to offset increased likelihood of vesting
Performance measures	Considerations: Skills, experience, accountability Role and responsibility	Financial Performance (50% of total): Group and business unit: <ul style="list-style-type: none"> Underlying Return on Invested Capital (2/3) Cash flow from operations (1/3) Zero Harm (10% of total): <ul style="list-style-type: none"> Gateway of no fatalities Total Recordable Injury Frequency Rate (TRIFR) target Achievement of leading indicators (Safety leadership and delivery of HSE risk control projects) ESG (15% of total) <ul style="list-style-type: none"> BlueScope year on year emissions reduction Business Unit climate objective Business Unit inclusion and diversity objective Strategic Objectives (25% of total): <ul style="list-style-type: none"> Measures based on individual strategic objectives alignment to business growth 	Gateway Condition: <ul style="list-style-type: none"> Adherence to Our Bond Vesting Conditions: <ul style="list-style-type: none"> Minimum 10% rolling three-year average underlying ROIC Average debt leverage of Net Debt to EBITDA ratio of <1.3x over three years
Further details	See Section 5.1	See Section 4.2 for FY2022 STI targets and outcomes	See Section 4.3 for LTI vesting based on performance up to and including FY2022
		MINIMUM SHAREHOLDING REQUIREMENT	Non-Executive Directors: 100% of base fees MD&CEO: 200% of fixed pay Executive KMP: 100% of fixed pay

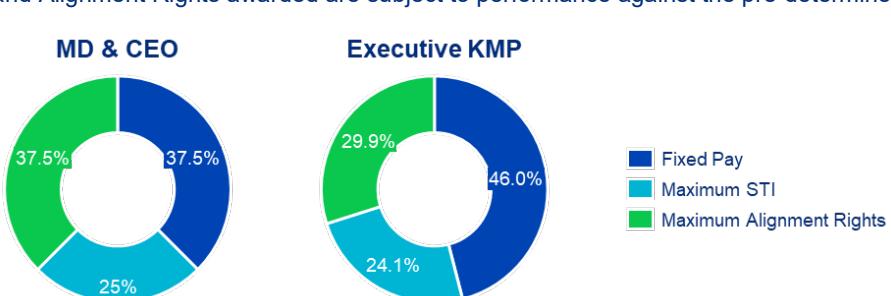
How and when is remuneration delivered?

The following diagram shows how remuneration is delivered to Executives.



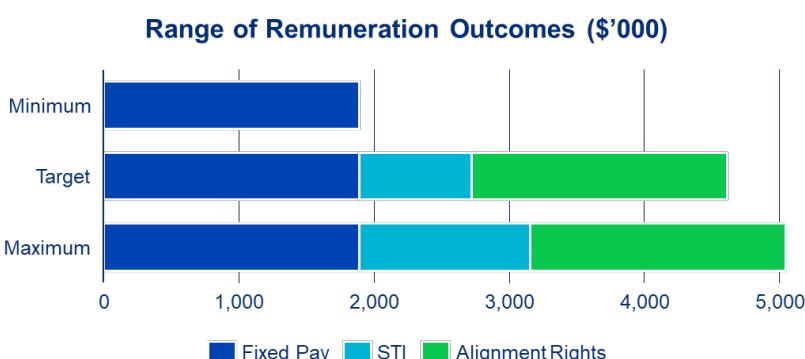
What is the mix of pay for Executive KMP?

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



Range of possible remuneration outcomes for the MD&CEO

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



In the minimum scenario, no STI or Alignment Rights are awarded. The MD&CEO would receive fixed pay inclusive of superannuation of \$1.89 million.

Target outcomes would be achieved where BlueScope meets the annual STI performance hurdles resulting in STI being paid at 44 per cent of fixed pay and vesting of the Alignment Rights.

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



4. Business Performance and Reward Outcomes

There is a strong link between executive remuneration outcomes and business performance. The Group has performed strongly against a wide range of business objectives in FY2022.

BlueScope has delivered strong financial performance during the year, with a record full-year result of \$3.79 billion underlying EBIT and ROIC of 41.6 per cent, both the highest in our 20 year listed history. Operating cash flow for the year, after capital expenditure, was \$1.71 billion¹.

Over 243 team based HSE risk control improvement projects across all business units. Participation from leaders in the safety transformation program continued throughout FY2022 with 1,372 leaders, including the Board and ELT involved in expert led global HSE risk management workshops since the beginning of the program. This year, 112 supply chain and industry partners also participated. The program was recognised by our industry association, being awarded the winner of worldsteel's Safety and Health Excellence Recognition 2021 in Leadership and Culture.

The lagging injury metric TRIFR marginally exceeded the target range of 5-7. As a result, the threshold for safety under the STI was not achieved. Our injury profile continues to be lower severity injuries and there were no fatalities during the year, an encouraging result, given the challenging operating environment during the year with sustained pandemic impacts, labour shortages, strong demand, execution of major projects and the growth of our overall workforce.

BlueScope continued to make progress in addressing climate change through the financial year². Steelmaking emissions intensity is tracking close to target with a 3.6 per cent reduction since FY2018. Midstream emissions intensity has decreased 3.7 per cent overall since FY2018, however increased in FY2022 on lower despatch volumes due to supply chain constraints and disruptions.

Underlying EBIT ROIC

41.6%

↗ +16.8% on FY2021

Free Cash Flow (operating cash flow less capex)

\$1.71Bn

↗ \$810M on FY2021

Three-year average ROIC

24.7%

FY20, FY21, FY22

Safety

7.1 TRIFR (275 injuries)

1,372 leaders involved in global management program

100% Board and ELT participation risk management program

243 Team-based risk control improvements completed

Sustainability

- ✓ Attained World Steel Association 'Sustainability Champion' status
- ✓ Port Kembla Steelworks awarded ResponsibleSteel™ site certification
- ✓ Achieved 1.9% reduction in steelmaking emissions intensity
- ✓ 24% female workforce participation; beyond gender initiatives emerging
- ✓ 308 sustainable supply chain assessments completed

Strategy Execution

- ✓ North Star expansion substantially complete, in hot commissioning
- ✓ Established BlueScope Recycling with MetalX ferrous acquisition
- ✓ Established BlueScope Coated Products with Coil Coatings acquisition
- ✓ Progressing Port Kembla reline feasibility assessment, incl technical and environmental upgrades

4.1 Historical Company Performance and Reward Outcomes

The Company's incentive awards are designed to align Executive remuneration with business performance and weighted towards equity and shareholder outcomes. The table below summarises the Company's performance against a range of indicators for FY2022 and the previous four years, along with the MD&CEO's STI outcomes and Alignment Rights vesting since the introduction of the remuneration framework in FY2018.

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

¹ Cash flow before investment expenditure and financing.

² Achieving BlueScope's 2050 net zero goal is highly 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.

	FY2018	FY2019	FY2020	FY2021	FY2022
Underlying NPAT (\$M)	826	966	353	1,166	2,701.1
Underlying EBIT (\$M)	1,269	1,348	564	1,724	3,787
Share price at beginning of period (\$)	13.35	17.26	12.25	11.67	22.24
Share price at end of period (\$)	17.26	12.05	11.69	21.96	15.90
Dividends per ordinary share (cents)	14	14	14	50	50
Buybacks (\$M)¹	300	510	229	0	638
Reported earnings per share (cents)	281.8	189.9	19.0	237.0	549.4
Annual ROIC	20.0%	19.5%	7.6%	24.8%	41.6%
Annual total shareholder return²	32%	(30%)	(2%)	89%	(25%)
MD&CEO STI award (% of maximum)³	97%	80%	75%	97.6%	82
3-year average annual ROIC	16.0% (FY16 - FY18)	19.3% (FY17 - FY19)	15.7% (FY18 - FY20)	17.3% (FY19 - FY21)	24.7% (FY20 - FY22)
3-year total shareholder return²	491% (FY16 - FY18)	94% (FY17 - FY19)	(9%) (FY18 - FY20)	31% (FY19 - FY21)	39% (FY20 - FY22)
Alignment Rights Vesting³ (performance period)	N/A	N/A	✓ (FY18 - FY20)	✓ (FY19 - FY21)	✓ (FY20 - FY22)

¹ Value of stock purchased during period

² TSR is calculated as (Close Price at end multiplied by Cumulative Dividend Factor divided by Close Price at beginning) and assumes that dividends are reinvested on the payment date.

³ The remuneration framework was introduced in FY2018, with the first award under the STI in FY2018 and the first performance test of Alignment Rights following the end of FY2020.

4.2 FY2022 Short-Term Incentive Outcomes

In assessing performance, the Board considers both what has been achieved and how it was achieved, by considering each Executive's behaviour against the expectations outlined in Our Bond, which are the guiding principles for our conduct and how we work. The actual STI awarded can be adjusted where these expectations are deemed not to have been met. No such adjustments have been made for Executive KMP in FY2022. The Board also considers the application of discretion against pre-determined principles that are outlined in Section 7.4. These include consideration of the shareholder experience, the broader employee experience and the impact of factors both within and outside of management's control. In FY2022, the Board applied their discretion to reduce the MD&CEO and CFO's maximum award to 145 per cent of target, to reflect below threshold performance on TRIFR.

In FY2022, management responded well to external conditions and demonstrated strong leadership to deliver significant value. Key achievements for the year were:

- North Star delivering record underlying EBIT of \$1.9 billion, driven by record steel pricing and spreads
- ASP delivering record underlying EBIT of \$1.3 billion, on record domestic volumes and robust prices
- Construction of the 850,000 tonnes per annum expansion of North Star substantially completed; commencing ramp-up
- Balance sheet maintained in solid position, having \$367M net cash at 30 June 2022
- Delivery of nearly \$1 billion in shareholder returns, with \$344 million in dividends and \$638 million in on-market buy-backs¹
- Significant steps taken in delivering BlueScope's US growth strategy with the acquisitions of the MetalX ferrous business and Coil Coatings business
- Progressing Port Kembla relining feasibility assessment – including comprehensive technical and environmental upgrades
- Driving growth and transformation, including continued rollout of digital program and progression of key projects.
- Made significant progress on our HSE leadership agenda
- Continued progress on climate – released our first Climate Action Report; delivering on medium-term targets; progressing a range of abatement projects and collaborations; actively evaluating NZ decarbonisation options.
- Recognition of sustainability leadership
- We have continued our efforts to reflect the communities in which we operate, with the total percentage of women in the BlueScope workforce reaching 24 per cent in FY2022. And moving beyond gender, strategies are emerging across the business, designed to suit local community needs.

The Board assessed the outcomes in light of business performance and strong outcomes delivered to shareholders and is satisfied that management has delivered outstanding value in FY2022.

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

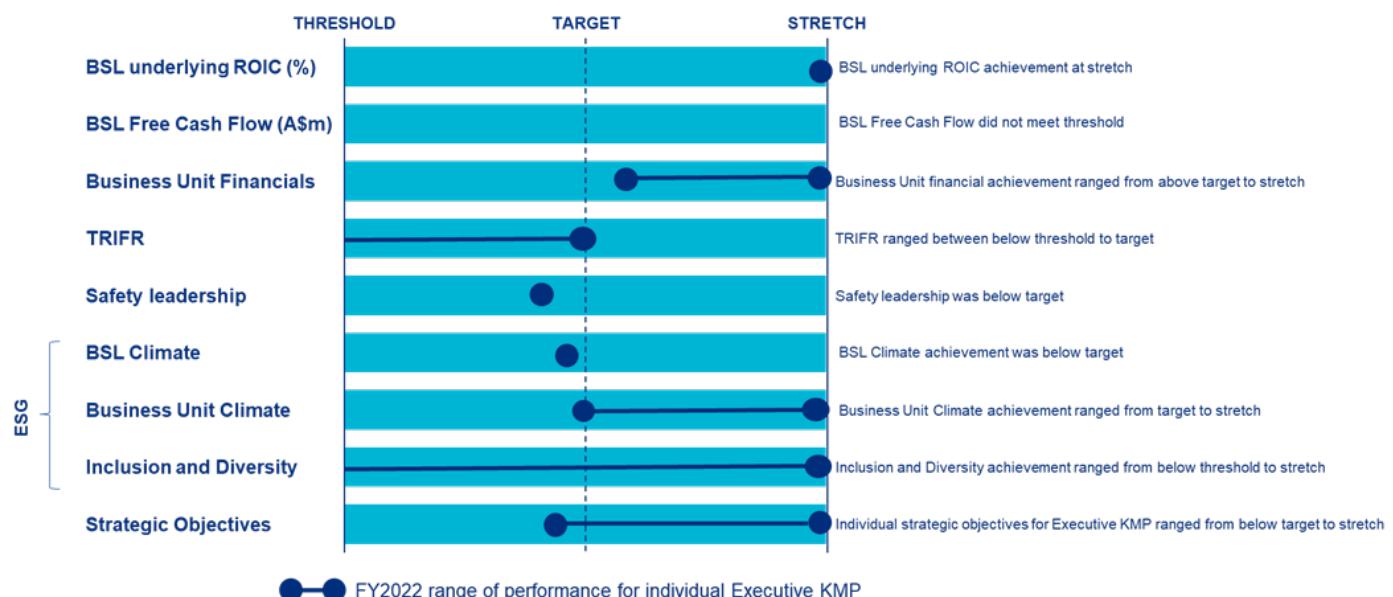
¹ Excludes \$12.5 million of shares settled on 1 and 4 July 2022.

MD&CEO FY2022 STI Scorecard

Measures	Rationale	Target Weighting (range of possible outcomes)	Performance Targets			Actual Outcome	Commentary
			Threshold	Target	Stretch		
1. BlueScope Financials		50% (0-100%)					
BSL underlying ROIC (%)	Drive earnings growth in a capital efficient manner, targeting ROIC>WACC on average through the cycle.	35%	20%	35%	40%	THRESHOLD TARGET STRETCH 70% 70%	<ul style="list-style-type: none"> Underlying EBIT ROIC of 41.6%
BSL free cash flow (A\$M)¹	Drive focus on maximising free cash flow and financial health of business.	15%	\$2,011M	\$2,514M	\$3,017M	THRESHOLD TARGET STRETCH 0 0	<ul style="list-style-type: none"> Free cash flow of \$1.99Bn
2. Safety	10% (0-20%)						
TRIFR	Measures the total recordable injuries per hours worked	5%	TRIFR 5-7	TRIFR 5-7	TRIFR <5	THRESHOLD TARGET STRETCH 0 0	<ul style="list-style-type: none"> 7.1 (275 injuries)
Safety Leadership & HSE Risk Control Projects	Focuses on reducing both the number and severity of injuries, while managing material risk controls.	5%	Completion of HSE risk control projects 4% = 90-99% 3% = 80-89% 2% = 70-79% 1% = 60-69%	>90% participation in HSE evolution program and 100% completion of HSE risk control projects	>95% participation in HSE evolution program and 100% completion of HSE risk control projects	THRESHOLD TARGET STRETCH 4% 4%	<ul style="list-style-type: none"> 90% of HSE risk control projects completed
3. Environmental, Social & Governance	15% (0-30%)						
Reduce steelmaking GHG emissions intensity by 1% YoY from FY18 to FY30	Drives focus on sustained climate action in Steelmaking activity	5%	3.15%	3.94%	4.68%	THRESHOLD TARGET STRETCH 4.1% 4.1%	<ul style="list-style-type: none"> GHG emissions reduction was 3.64% impacted by reduction in lower intensity production outputs and increase in higher integrated works output relative to FY18 production levels
Non-steelmaking intensity reduction of 30% by 2030	Assesses climate action in midstream processing activities	5%	Behind plan	On track to deliver 2030 mid-stream intensity reduction	Ahead of plan	THRESHOLD TARGET STRETCH 5% 5%	<ul style="list-style-type: none"> Emissions reduction of 3.7% compared to the FY2018 baseline, impacted by lower despatch volumes on supply chain disruptions
Increase gender diversity in recruitment for all roles. Including operator/trades	Focus on gender metrics in recruitment. In addition, beyond gender metrics are also in place based on gaps and need	5%	30%	40%	43%	THRESHOLD TARGET STRETCH 0 0	<ul style="list-style-type: none"> Making good progress across I&D initiatives, although gender diversity in recruitment was just below the threshold
4. Individual Strategic Objectives	25% (0-50%)						
Blast Furnace No. 6 Reline	Develop and execute the strategy to undertake the reline of BF6 in 2025-2030	5%	Delivery to plan			THRESHOLD TARGET STRETCH 7.5% 7.5%	<ul style="list-style-type: none"> Delivered in accordance with plan
Organic growth	Pursue organic growth opportunities in line with strategic plan	5%	Delivery to plan			THRESHOLD TARGET STRETCH 10% 10%	<ul style="list-style-type: none"> Strong progress throughout the year in allocating capital to growth
Inorganic growth	Accesses inorganic growth opportunities that create value for the BlueScope	5%	Delivery to plan			THRESHOLD TARGET STRETCH 10% 10%	<ul style="list-style-type: none"> Acquisitions of MetalX and Coil Coaters executed strongly and on track to deliver value External partnerships in place and performing well
People	Focuses on the continued build of people capability, including senior manager succession planning	5%	Delivery to plan			THRESHOLD TARGET STRETCH 7.5% 7.5%	<ul style="list-style-type: none"> Established Climate Change and Reline Execution teams, both are performing strongly Senior executive succession process in place and running well US leadership structure now in place to drive execution and value
Technology	Drives the advancement of technology efforts and performance	5%	Delivery to plan			THRESHOLD TARGET STRETCH 5% 5%	<ul style="list-style-type: none"> Significant technology projects successfully delivered Global Technology structure in place
Total		100% (0-150%)				123.1%	Maximum opportunity reduced to 145%

¹ Cash flow target and actual outcome reflects cash flow before investment expenditure and financing, excluding the impact of capital expenditure for the North Star expansion project.

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



The performance against the FY2022 STI objectives resulted in the individual awards for Executive KMP shown below. The MD&CEO elected for 100 per cent of his FY2022 STI payment to be delivered in equity.

KMP	STI Maximum (\$)	% of maximum STI achieved	% of maximum forfeited	Value of cash STI (\$)	Value of equity STI (\$) ^{1,2}	Award as % of Fixed Pay
M Vassella	1,260,000	82.0%	18.0%	-	901,090	54.7%
T Archibald	523,688	96.7%	3.3%	506,231	-	50.8%
R Davies ³	191,625	87.3%	12.7%	156,743	-	45.8%
P Finan ⁴	974,814	81.4%	18.6%	793,868	-	83.1%
A Highnam ⁵	127,750	82.0%	18.0%	104,715	-	43.0%
J Nowlan	496,125	89.6%	10.4%	444,475	-	47.0%
G Stephens ⁵	188,625	73.2%	26.8%	138,074	-	38.4%
C Zhang	436,259	81.7%	18.3%	356,425	-	42.9%

¹ The equity STI is granted in rights in the first half of the plan year which vest in accordance with assessed performance against the STI objectives. The amounts shown in this column are based on the Fair Value of \$20.08 determined in accordance with AASB 2 Share-Based Payments multiplied by the number of instruments that will vest. Shares to fulfil the vesting of FY2022 STI share rights have been procured on-market.

² In FY2022 the MD&CEO elected for 100 per cent of his STI payment to be delivered in equity.

³ R Davies stepped into a KMP role effective 1 January 2022.

⁴ The amount shown reflects P Finan's award under the FY2022 BlueScope STI plan and 2021 and 2022 Project Incentives (linked to the achievement of key milestones for the North Star expansion project) paid for the periods 1 July - 31 December 2021 (actual) and 1 January – 30 June 2022 (estimated).

⁵ A Highnam and G Stephens ceased being KMP effective 8 October 2021 and 31 December 2021 respectively.

Across the Company, over 60 per cent of our employees participate in business unit Profit Share Plans. Payouts under these plans in FY2022 also reflect our strong business performance, shareholder returns and the exceptional efforts of employees in delivering in a challenging operational environment.

4.3 FY2022 Alignment Rights Outcomes

The FY2019 Alignment Rights vested in full in September 2021. The FY2020 Alignment Rights will vest in September 2022, following the release of this report. Both the FY2019 and the FY2020 Alignment Rights Awards are subject to two performance conditions as shown in the table below.

Plan	Performance Measure	Result	Achieved	Vesting & Timing
FY2019 FY2019 to FY2021	3-year average ROIC at 10% or higher ¹	18.0%	✓	100% vested in September 2021
	Average net debt to EBITDA ratio of <1.0x over 3 years	(0.18)x	✓	
FY2020 FY2020 to FY2022	3-year average ROIC at 10% or higher ¹	27%	✓	100% will vest in September 2022 ²
	Average net debt to EBITDA ratio of <1.0x over 3 years	(0.15)x	✓	

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

² Shares to fulfil the vesting of FY2020 Alignment Rights are procured on-market.

As both performance conditions have been achieved, the Alignment Rights will vest in full. To be eligible to receive Alignment Rights, participants must have adhered to Our Bond across the performance period. All Executive KMP demonstrated adherence to Our Bond and will receive their full allocation of Alignment Rights. The Board, through the Remuneration and Organisation Committee (ROC), review the outcomes of all reward programs and determined in FY2022 not to apply discretion to adjust the outcomes of the FY2020 Alignment Rights, or to apply malus/clawback to any vested or unvested awards.

5. Executive Remuneration Framework

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

5.1 Fixed Pay

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

Remuneration peer group

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

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

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

The peer group for FY2022 is broadly consistent with last year and is listed below:

Adbri Ltd	Boral Ltd	Fletcher Building Ltd	Orora Ltd
AGL Energy Ltd	Brambles Ltd	Incitec Pivot Ltd	Qantas Airways Ltd
ALS	CIMIC Group Ltd	Lend Lease Corp Ltd	Qube Holdings
Ampol Ltd	CSR Ltd	Orica Ltd	South32 Ltd
Aurizon Holdings Ltd	Downer EDI Ltd	Origin Energy Ltd	WorleyParsons Ltd

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

With the increasing importance of the US in BlueScope's portfolio, there is a greater requirement to attract and retain local US based talent. A peer group of steel and materials companies based in the US was selected to benchmark both fixed and variable remuneration.

The US peer group for FY2022 is listed below:

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



5.2 Short-Term Incentives

The following table summarises the STI plan that applied for Executive KMP in FY2022.

Feature	Description		
Purpose	To achieve BlueScope's overall financial, safety, ESG and other strategic objectives by motivating Executives to deliver on annual objectives.		
Eligibility	All members of the ELT, including the Executive KMP disclosed in this report.		
Value / opportunity	STI opportunity is set below the median of our peer group reflecting our overall remuneration philosophy. Target and maximum STI levels (as a percentage of fixed pay) are shown below.		
% of fixed pay	Target	Maximum	
MD&CEO	44%	67%	
Other Executive KMP	35%	52.5%	
Performance conditions	A summary of the performance measures and relative weightings for the FY2022 STI Plan are shown below:		
Performance measures			Other Executive KMP
Financial performance	BlueScope underlying ROIC (2/3), Free Cash Flow from Operations (1/3)	50%	25%
	Business Unit underlying ROIC (2/3), Free Cash Flow from Operations (1/3)	0%	25%
Safety	Safety performance measures, including TRIFR and leading indicators of safety leadership and delivery of HSE risk control projects	10%	10%
ESG	Environment, social and governance measures including year on year emissions reductions targets, climate projects and diversity and inclusion targets	15%	15%
Individual strategic objectives	Performance measures based on the execution and implementation of key annual business priorities	25%	25%
Refer to Section 4.2 for the MD&CEO's detailed STI scorecard, including performance targets.			
Financial Measures			
Financial measures are selected to align with BlueScope's annual budget, targets and longer-term plan. They are designed to reinforce and drive business strategy.			
Safety			
Safety remains BlueScope's number one priority. A gateway of no fatalities applies, overlayed with a TRIFR target, and a requirement to meet additional leading indicators in order to achieve target or above.			
TRIFR includes Fatalities, Lost Time Injuries, Medical Treatment Injuries and work restrictions of more than seven days. Combined with the leading indicators, the safety objective focuses leaders on reducing the severity of incidents and injuries while building Health, Safety and Environment capability and identifying and implementing high level controls for material risks.			
ESG			
Reflecting the critical focus area of sustainability, the ESG measures include targets for BlueScope's emissions intensity reduction, climate action projects at Group and business unit level, and inclusion and diversity objectives. This reflects BlueScope's commitment to climate action and a continued focus on inclusion and diversity.			
Individual Strategic Measures			
Performance measures based on the execution and implementation of key annual business priorities.			
Target setting	Performance targets for the STI, including Threshold, Target and Stretch levels of performance, are set by the Board in the first quarter of the year for all Executive KMP. Threshold is the minimum level of performance at which a payment can be made, and Stretch is the level at which the maximum STI for that measure is awarded. The Board takes care to set performance targets that are challenging yet sufficiently motivating to drive Executive performance towards the objectives.		
	Targets are set with reference to annual budgets and business plans, economic conditions and market outlook, and are set with a range between threshold to stretch to enable outperformance to be rewarded.		
Performance assessment	All performance conditions under the STI are defined and measurable. The Board, on recommendation from the ROC, approves the targets and assesses the performance outcomes of the MD&CEO. The ROC, on recommendation from the MD&CEO, approves the targets and assesses the performance outcomes of the other members of the ELT.		
	The Board has adopted a rigorous process for assessing performance under the STI plan, which includes verification of financial results by the Audit Committee.		
	The Board has discretion to adjust STI outcomes up or down as described in Section 7.4.		

Feature	Description
Payment	Each Executive KMP may elect to take none, 50 per cent or 100 per cent of their potential STI payment in equity, with the remainder in cash. The equity, if selected, is in the form of share rights, which are awarded based on face value at a price determined as the volume weighted average price of the Company's shares over the three-month period to 31 August at the beginning of the performance year. Each share right that vests entitles the holder to acquire one ordinary fully paid ordinary share in the Company. Given the conservative STI opportunity relative to market peers, and the long-term deferral through the Alignment Rights (of three years), there is no additional deferral of STI.
Instrument	If participants elect to take all or part of their STI in equity, each Share Right vests into one fully paid ordinary share in the Company subject to time and performance conditions being met. No dividends are payable on Share Rights.
Exercise and Expiry	If participants elect to take all or part of their STI in equity, vested Share Rights can be exercised in a trading window before 31 December 2025 or they will lapse. Exercise occurs automatically on vesting unless the participant elects not to exercise prior to the end of the performance period.
Project Incentive	The Chief Executive Hot Rolled Products participates in a specific annual incentive linked to the delivery of key project milestones for the North Star expansion and aligned with the competitive US market. The Project Incentive is a cash project incentive equal to the target and maximum under the existing Short Term Incentive Plan, and offered in addition to this Plan, with performance objectives specifically linked to the delivery of key operational milestones, budget and safety targets for the North Star expansion project. The performance period for the plan runs from 1 January to 31 December each year, with payment made annually in or around February for the preceding calendar year. The performance hurdles under the Project Incentive may be adjusted to align with any revisions in the timetable for the North Star expansion.

5.3 Alignment Rights

The following table summarises Alignment Rights plans that applied in FY2022.

Feature	Description							
Purpose	The Alignment Rights plan is intended to create long-term, sustainable value and shareholder alignment through equity ownership. Vesting of the Alignment Rights is dependent on a minimum level of business performance, to ensure shareholder value.							
Eligibility	All members of the ELT, including Executive KMP disclosed in this report.							
Opportunity	The quantum of the Alignment Rights is conservative compared to the remuneration peer group, reflecting the greater potential for payment (subject to performance conditions being met). Maximum Alignment Rights levels (as a percentage of fixed pay) are shown below.							
	<table border="1"> <thead> <tr> <th>% of fixed pay</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>MD&CEO</td> <td>100%</td> </tr> <tr> <td>Other Executive KMP</td> <td>65%</td> </tr> </tbody> </table>		% of fixed pay	Maximum	MD&CEO	100%	Other Executive KMP	65%
% of fixed pay	Maximum							
MD&CEO	100%							
Other Executive KMP	65%							
Allocation Value	The allocation of share rights is based on face value. The quantum of Alignment Rights awards is calculated based on the percentage of fixed pay divided by the face value of shares using the volume weighted average price (VWAP) over the three-month period to 31 August at the beginning of the performance period. No amount is payable by participants on exercise. The Alignment Rights are specifically designed for the cyclical nature of our sector, market and share price volatility. The allocation methodology, using a three-month VWAP, smooths out much of the share price variation.							
Instrument	Each Alignment Right vests into one fully paid ordinary share in the Company subject to time and performance conditions being met. No dividends are payable on Alignment Rights.							
Vesting conditions	The hurdles for Alignment Rights are aligned with the delivery of sustainable earnings over a three-year period. The vesting conditions are: <ul style="list-style-type: none"> as a 'gateway' condition, to be eligible for any vesting, an Executive must conduct themselves in accordance with Our Bond. An assessment for each Executive against this criterion is completed by the Board each year minimum 10% rolling three-year average underlying ROIC, which achieves our weighted average cost of capital (WACC), top quartile performance compared to major steel companies, and median performance compared to the ASX100 average net debt to EBITDA ratio of <1.3x over three years, which ensures Executives focus on sustainable investment, and protection of the Company's balance sheet. No retrospective change to the net debt condition has been made for unvested Alignment Rights prior to FY2022 as a result of changes to AASB16 and the accounting treatment of leases. However, the Board may consider the application of discretion should this change have a significant impact on reward outcomes. If each of the above conditions is met, all Alignment Rights in the relevant year will vest. If they are not achieved, then no Rights will vest. Board discretion continues to apply to protect against unintended outcomes. Each share right that vests entitles the holder to acquire one ordinary fully paid share in the Company. Alignment Rights are not eligible for re-testing.							

Feature	Description
Target setting	Targets for the Alignment Rights have been deliberately set at a level of minimum performance expectations to deliver vesting to participants and alignment with shareholders through the performance cycle. Whilst the Board, on recommendation from the ROC, considers and approves the targets at the commencement of the performance period, they are not expected to fluctuate from year to year.
Performance assessment	The Board, on recommendation from the ROC, assesses the performance outcomes after the end of the performance period. Each participant is subject to an individual assessment of their conduct against Our Bond, which is undertaken by the MD&CEO for the ELT (including KMP), and by the ROC in respect of the MD&CEO. Performance against the financial measures includes verification of financial results by the Audit Committee. The Board has discretion to adjust Alignment Rights outcomes up or down to ensure they accurately reflect the achievement of results consistent with BlueScope's strategic priorities, in line with Our Bond and enhance shareholder value.
Exercise and Expiry	Vested Alignment Rights must be exercised during a trading window prior to the 31 December five years after the grant. Exercise occurs automatically on vesting unless the participant elects not to exercise prior to the end of the performance period.
Clawback	In August 2019, the Board approved a clawback provision to apply to participants who were members of the ELT at the time any relevant circumstance occurred for the FY2017, FY2018 and FY2019 awards. From the FY2020 award, the clawback provision applies to all participants. The clawback provision allows the Board to clawback Alignment Rights awards, any resulting shares from exercise of the awards or the financial benefit of those resulting shares arising from the awards made to ELT members at the time any of the following circumstances occurred: <ul style="list-style-type: none"> • Fraud, dishonesty or gross misconduct • Breach of law or material breach of BlueScope policies or standards • Bringing BlueScope into disrepute • Material misstatement in financial statements • Certain oversight or supervision failures • Any other act, error, omission or circumstance that would result in a participant obtaining an inappropriate benefit. The clawback applies for a period of three years after the vesting of any Alignment Rights.
Hedging	Executives are not permitted to hedge (such as 'cap and collar' arrangements) Alignment Rights awards.

5.4 Changes in FY2023

The Board remains cognisant of the importance of ensuring market competitive fixed remuneration for executive KMP. Whilst historically we have not passed on fixed pay increases to executive KMP each year, we monitor and review remuneration annually with regard to increasing inflationary pressures and talent attraction and retention challenges. The Board has decided to increase fixed remuneration by 3 per cent for the MD&CEO in FY2023.

With the importance of the US in BlueScope's portfolio, there is an increasing requirement to attract and retain local US-based executive talent. A detailed review of the equity-based component of US remuneration will be undertaken in FY2023 and relevant outcomes will be disclosed in the FY2023 Remuneration Report.

5.5 Executive Service Agreements

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

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

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

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

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

5.6 FY2022 Executive statutory remuneration

The table below sets out remuneration for Executive KMP in FY2022, along with comparative information from FY2021 in accordance with statutory reporting requirements.

Name	Year	Salary and fees ¹	Movement in annual leave provision ²	Short Term Incentive ³	Non-monetary ⁴	Other ⁵	Sub-total	Super-annuation ⁶	Movement in Long Service Leave ²	Share Rights ⁷	Total	% of performance related pay ⁸
Executive Director												
M Vassella	2022	1,847,328	(74)	-	-	-	1,847,254	27,500	57,651	2,995,481	4,927,886	61%
	2021	1,775,000	33,948	-	1,804	-	1,810,752	25,000	42,711	3,640,316	5,518,779	66%
KMP Executives												
T Archibald	2022	961,992	2,659	506,231	1,232	-	1,472,114	27,500	10,156	718,483	2,228,253	55%
	2021	925,000	6,882	-	598	-	932,480	25,000	22,558	1,362,209	2,342,247	58%
R Davies ⁹	2022	308,677	34,702	156,743	-	-	500,122	30,868	-	164,082	695,072	46%
	2021	-	-	-	-	-	-	-	-	-	-	-
P Finan	2022	916,663	(60,965)	793,868	689	-	1,650,255	30,742	-	924,697	2,605,694	66%
	2021	855,078	(25,285)	459,655	669	-	1,290,117	28,855	-	1,673,655	2,992,627	71%
J Nowlan	2022	909,914	1,085	444,475	1,250	-	1,356,724	27,500	31,692	690,471	2,106,387	54%
	2021	875,000	6,578	-	-	-	881,578	25,000	(13,571)	1,297,456	2,190,463	59%
C Zhang	2022	722,581	34,214	356,425	459,972	-	1,573,192	108,388	-	737,789	2,419,369	45%
	2021	177,250	8,863	-	191,694	-	377,807	26,588	-	69,464	473,859	15%
Previous KMP Executives												
A Highnam ¹⁰	2022	192,352	3,603	104,715	149,129	-	449,799	7,531	3,974	176,653	637,957	44%
	2021	705,000	18,731	370,475	158,200	-	1,252,406	25,000	17,625	517,830	1,812,861	49%
G Stephens ¹⁰	2022	335,326	11,709	138,074	-	-	485,109	33,533	-	269,941	788,583	52%
	2021	626,305	15,026	-	1,188	-	642,519	62,631	-	987,542	1,692,692	58%
Total 2022		6,194,833	26,933	2,500,531	612,272	-	9,334,569	293,562	103,473	6,677,597	16,409,201	
Total 2021¹¹		5,938,633	64,743	830,130	354,153	-	7,187,659	218,074	69,323	9,548,472	17,023,528	

¹ Exchange rate differences affected overseas based KMP (P Finan, R Davies, C Zhang and G Stephens).

² Negative movement in annual leave provision indicates leave taken during the year exceeded leave accrued during the current year.

³ The amount disclosed represents STI payable in cash. For P Finan this includes an award under the CY21 Project Incentive (1 July 2021 - 31 December 2021) and an estimate of the CY22 Project Incentive for the period 1 January 2022 - 30 June 2022. The amount disclosed for 1 January 2022 - 30 June 2022 is an estimate only, and if awarded will be paid during FY23.

⁴ Non-monetary includes executive health check and benefits provided under the Company's international assignment policy e.g. accommodation, tax equalisation, relocation benefits and medical coverage and, where applicable, fringe benefits tax.

⁵ Due to changes in the superannuation legislation resulting in maximum contribution levels, members of the Defined Contribution Division can elect to receive a proportion of their superannuation as a cash allowance.

⁶ No other post-employment benefits apply in addition to superannuation.

⁷ Includes all awards of share rights including Awards under Short Term and Long-Term Incentive Plans. In FY2022, M Vassella elected to receive all of his STI in equity which is included as a share-based payment. The amount attributable to STI equity for M Vassella: \$901,090 (44,875 shares). Approval for M Vassella's STI and LTI awards was obtained under Listing Rule 10.14.

⁸ The percentage of remuneration that is performance related includes STI and LTI based on accounting values and not vested amounts received by executives.

⁹ R Davies commenced as KMP effective 1 January 2022.

¹⁰ A Highnam and G Stephens ceased being KMP effective 8 October 2021 and 31 December 2021 respectively. The share rights disclosed reflect the period in which they were KMP.

¹¹ FY2021 total does not include C Elias who ceased being a KMP effective 3 July 2021.

5.7 FY2022 Realised Pay

The following table outlines actual pay earned or realised by Executive KMP during FY2022. This is a voluntary disclosure and is provided as additional information to the statutory remuneration tables contained in Section 5.6. This table is different from the amounts shown in the statutory tables, as it excludes accruals and estimations and is therefore a closer measure of 'take home pay' earned by Executives in respect of the current year. Amounts are presented inclusive of any income tax that is payable.

Realised pay includes the base salary, superannuation/retirement and other benefits paid or payable in relation to FY2022. It also includes the realised value of STI awards earned in relation to the FY2022 performance year (both cash and equity components), and the realised value of LTI awards with a performance period ending on 30 June 2022.

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

Other benefits include the cost to the Company of Executive health checks and benefits and fringe benefits tax provided to international assignees. Tax equalisation payments, which include the difference between the amounts withheld by the Company and the actual tax paid on behalf of international assignees, are not included in the calculation of realised pay, however, are included in the statutory tables.

Name	Year	Fixed Remuneration ¹ \$	Other Benefits ² \$	STI (Cash) ³ \$	STI (equity) ⁴ \$	LTI (value at grant) ⁵ \$	Total \$	Share price change (STI) ⁶ \$	Share price change (LTI) ⁵ \$	Total including share price change \$
M Vassella	2022	1,874,828	-	-	1,033,601	1,799,989	4,708,418	(320,089)	592,373	4,980,702
	2021	1,800,000	1,804	-	1,159,984	1,799,990	4,761,778	987,682	408,241	6,157,701
T Archibald	2022	989,492	1,232	506,231	-	617,494	2,114,449	-	203,216	2,317,665
	2021	950,000	598	-	482,110	584,979	2,017,687	410,498	132,674	2,560,859
R Davies	2022	339,545	-	156,743	-	208,156	704,444	-	68,504	772,948
	2021	-	-	-	-	-	-	-	-	-
P Finan	2022	947,405	689	774,143	-	617,255	2,339,492	-	203,137	2,542,629
	2021	883,933	669	306,437	471,744	634,920	2,297,703	401,672	144,001	2,843,376
J Nowlan	2022	937,414	1,250	444,475	-	584,991	1,968,130	-	192,519	2,160,649
	2021	900,000	-	-	456,740	584,979	1,941,719	388,896	132,674	2,463,289
C Zhang	2022	830,969	393,212	356,425	-	-	1,580,606	-	-	1,580,606
	2021	203,838	159,587	-	-	-	363,425	-	-	363,425
Previous KMP Executive										
A Highnam	2022	199,883	107,931	104,715	-	-	412,529	-	-	412,529
	2021	730,000	220,957	370,475	-	460,035	1,781,467	-	104,337	1,885,804
G Stephens	2022	368,859	-	138,074	-	-	506,933	-	-	506,933
	2021	688,936	1,188	-	332,722	386,465	1,409,311	283,300	87,651	1,780,262

¹ Fixed Remuneration is salary inclusive of superannuation and allowances.

² Other benefits include executive health checks; benefits and fringe benefits tax provided to international assignees.

³ STI (cash) is the amount relating to performance in the FY2022 financial year which will be paid in cash in September. For P Finan, this amount includes a Project Incentive for the period 1 January – 30 December 2021 that was paid during FY2022.

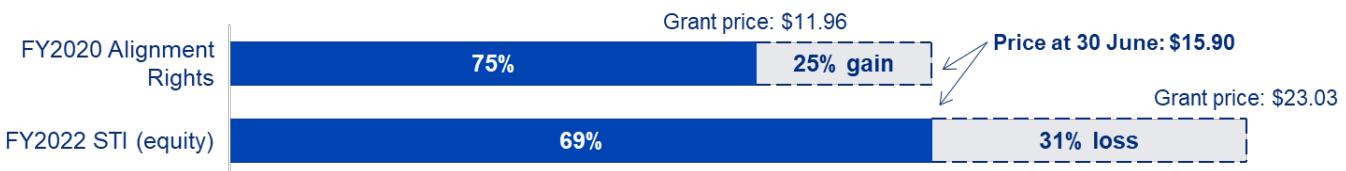
⁴ STI (equity) is the amount relating to performance in FY2022 which the executive elected to take as equity (share price at grant of \$23.0329 based on 3 month VWAP to 31 August 2021).

⁵ The FY2020 LTI award will vest in September, the value at allocation was \$11.963 per share (3 month VWAP to 31 August 2019).

⁶ Share price change is equal to the number of rights vested multiplied by the difference in the allocation price and the closing price at the end of the performance period (30 June 2022).

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

BlueScope's share price over the vesting period for the FY2020 LTI resulted in an increase in value, while the FY2022 STI resulted in a loss of value since grant as shown in the chart below.





6. Non-Executive Director Fees

6.1 Policy and approach

Board and Committee Fees

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

Fees are normally reviewed annually, and any adjustments are made effective in January. Following a review this year, the Board increased the Chairman and Director base fees in line with market movements. Effective 2 January 2022, the Chairman and Director base fees increased by 3 per cent, from \$506,530 to \$521,725 and \$178,030 to \$183,370 respectively. There was no increase to any Committee fees.

With the expansion in BlueScope's global operations, there is an increasing requirement for international travel being imposed on Board members along with added inconvenience and risk due to COVID-19. From 1 January 2022, a travel allowance of \$5,000 per international trip was introduced, to compensate Board members undertaking scheduled international business travel.

Non-Executive Director Fee Sacrifice Plan

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

Feature	Description
Eligibility	Non-Executive Directors who are Australian or US residents.
Year of grants	The plan will operate from 1 July to 30 June.
Grant dates	Rights are allocated in two tranches. Tranche 1 Share Rights: The trading window following the release of the full year results. Tranche 2 Share Rights: The trading window following the release of half year results.
Value and instrument	In a trading window prior to the beginning of the plan year, Non-Executive Directors can elect to sacrifice between 20 and 100 per cent of their pre-tax base fees in return for a grant of share rights. Each right entitles the Director to acquire one ordinary share in the Company. The number of rights granted is equivalent to the fees sacrificed divided by the three-month volume weighted average price to 31 August (tranche one) or 28 February (tranche two) in the plan year.
Vesting period	Tranche 1 Share Rights will vest shortly after 31 December, while Tranche 2 Share Rights will vest shortly after 30 June. For Australian tax resident Directors, share rights are automatically exercised and shares allocated on vesting. The vested shares are held in the BlueScope Steel Employee Share Plan Trust during the restricted period. From FY2023, for US tax resident Directors who elect to participate in the plan, rights will remain as vested share rights until exercise and allocation of shares, which is automatic at the end of the restriction period or on the date the Director ceases to be a Director of the Company.
Trading Restriction Period	There is a trading restriction of 15 years after the date the Tranche 1 Share Rights are granted, or the date the participant ceases to be a Director of the Company, if that occurs earlier, unless the Company determines otherwise.
Exercise	No price is payable on vesting and exercise of rights.
Performance conditions	As this is a salary sacrifice plan, no performance conditions apply to the rights beyond the service condition. Participants must remain in office for the full vesting period for all of the Share Rights to vest. The vesting period is a continuous six-month period in relation to each Tranche of Share Rights.

Role	Base Fees (incl super)	
Chairman^{1,2}		\$521,725
Non-Executive Director		\$183,370
Audit Committee	Chair	\$41,000
	Member	\$21,000
Remuneration and Organisation Committee	Chair	\$41,000
	Member	\$21,000
Health, Safety and Environment Committee	Chair	\$41,000
	Member	\$21,000
Risk and Sustainability Committee	Chair	\$41,000
	Member	\$21,000

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

² The Chairman base fee increased from \$506,530 to \$521,725, effective 2-Jan-22

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

Minimum Shareholding

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

Maximum Fee Pool

The maximum fee pool limit is \$2,925,000 per annum (inclusive of superannuation) as approved by shareholders at the Annual General Meeting in 2008. Total fees paid to Directors for the year ended 30 June 2022 amounted to \$2,081,853 (FY2021 \$1,994,134).

Superannuation

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

6.2 FY2022 Non-Executive Director statutory remuneration

Details of the FY2022 audited remuneration for each Non-Executive Director are set out in the following table.

Name	Year	Short-term benefits		Post-employment benefits ³	Share Based Payment ⁴	Total
		Fees ¹	Non-monetary ²			
Non-Executive Directors						
J Bevan	2022	467,607	-	467,607	-	49,002
	2021	430,550	-	430,550	-	63,477
K Conlon	2022	248,670	-	248,670	-	248,670
	2021	241,030	-	241,030	-	241,030
E Crouch	2022	245,101	-	245,101	23,568	268,669
	2021	239,335	-	239,335	21,695	261,030
R Dee-Bradbury	2022	225,609	-	225,609	22,061	247,670
	2021	222,326	-	222,326	20,985	243,311
K Johnson ^b	2022	114,751	1,827	116,578	-	116,578
	2021	-	-	-	-	-
J Lambert	2022	208,967	-	208,967	23,568	266,972
	2021	212,630	-	212,630	21,695	22,309
Z Zhang ^b	2022	109,751	1,827	111,578	-	111,578
	2021	-	-	-	-	-
Previous Non-Executive Directors						
P Bingham-Hall ^b	2022	74,350	1,404	75,754	-	75,754
	2021	243,672	-	243,672	-	243,672
M Hutchinson ^b	2022	163,703	-	163,703	20,784	44,866
	2021	199,278	-	199,278	21,695	33,457
Total 2022		1,858,509	5,058	1,863,567	89,981	128,305
Total 2021		1,788,821	-	1,788,821	86,070	119,243

¹ Chairman and Director's base fees were increased by 3 per cent effective 2 January 2022. There was no increase to any Committee fees. J Bevan, P Bingham-Hall and K Conlon have elected superannuation guarantee exemptions. The additional superannuation allowance has been included under fees. J Bevan, M Hutchinson and J Lambert have elected to sacrifice a portion of their fees in exchange for BlueScope shares. Fees have been reduced to reflect these salary sacrifice amounts: J Bevan - \$51,407; M Hutchinson - \$47,703 and J Lambert - \$36,134.

² Non-monetary short-term benefits include tax advice for K Johnson and Z Zhang, and a farewell gift for P Bingham-Hall.

³ Non-Executive Directors receive statutory superannuation contributions in line with the Superannuation Guarantee unless they elect an exemption. No other post-employment benefits apply.

⁴ Share-based payments represent the fair value of the salary sacrificed shares. The fair value has been assessed at \$20.39 (Tranche 1) and \$20.30 (Tranche 2).

⁵ K Johnson and Z Zhang were appointed to the role of Non-Executive Director on 1 January 2022.

⁶ P Bingham-Hall and M Hutchinson ceased in the role of Non-Executive Director on 31 October 2021 and 17 May 2022 respectively.

7. Remuneration Governance

7.1 Role of the Remuneration and Organisation Committee (ROC)

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



7.2 Activities of the ROC in FY2022

The major activities of the Committee in FY2022 are outlined below.

Area	
Remuneration	<ul style="list-style-type: none">Setting STI objectives and targets for the year and reviewing fixed pay.Submitting Group remuneration outcome recommendations to the Board, taking into account the overall financial result against the risk management framework, strategic objectives and qualitative factorsConsidering individual performance and impact on individual variable reward outcomesUndertaking review of the operation and effectiveness of performance and reward programs across the Company including:<ul style="list-style-type: none">links between performance and various reward elements;the global and local reward strategy for Executives; and,sales incentives programs across the GroupAgreeing the design of an equity plan to drive the retention of key talent below Executive level.Considering and recommending the application of discretion in relation to variable reward outcomes for Executives.
Talent, Succession & Leadership	<ul style="list-style-type: none">Reviewing talent and succession plans for critical rolesReviewing leadership capability for today and for the futureOverseeing activities aimed at optimising the employee experience though out their career at BlueScope.

Area	
Social Impact, Risk & Governance	<ul style="list-style-type: none"> Overseeing consequence management outcomes for conduct and regulatory breaches and incidents of behaviour that are inconsistent with the Group's risk appetite, desired culture or Our Bond Reviewing the priority outcomes of a due diligence on social impact Reviewing the design and implementation of the group wide people and payroll governance framework which covers wages and benefits, hours of work and culture Monitoring progress on diversity and inclusion objectives, particularly focused on but not limited to gender diversity Considering a range of governance-related topics related to people and remuneration.

7.3 Independent Remuneration Consultant

The ROC engages and considers advice from independent remuneration consultants where appropriate in relation to remuneration matters and Director fees. Such consultants report directly to the ROC. Potential conflicts of interest are considered in selecting remuneration consultants and their terms of engagement regulate their level of access to, and require independence from, BlueScope's management. Any advice from external consultants is used as a guide and is not a substitute for thorough consideration of all the issues by the ROC. The Chairman of the Board does not participate in any discussions relating to the determination of his own fees.

During FY2022, the ROC employed the services of independent remuneration advisors to provide information and advice on remuneration strategy and structure including market practice which covers Executive KMP. No remuneration recommendations as defined in section 9B of the *Corporations Act 2001* were provided.

7.4 Board discretion

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

Element	Terms
Variable reward outcomes	<p>The Board retains the discretion to limit, defer or cancel any STI or LTI awards in exceptional circumstances, including determining that a reduced award or even no award should be paid/vest. The Board is also able to moderate variable reward outcomes in circumstances where the calculated result does not align with employee, customer and shareholder experience.</p> <p>In determining whether any discretion should be applied, the Board considers the extent to which reward outcomes are:</p> <ul style="list-style-type: none"> aligned with shareholder experience aligned with the employee experience below ELT a result of factors within management's influence appropriately reflective of management's effort in both responding to, and capitalising on market conditions throughout the year. <p>In FY2022 the Board used its discretion to reduce the maximum STI payable from 150 to 145 per cent of target for the MD&CEO and CFO, to reflect the foregone safety lag measure.</p>
Malus / Forfeiture	<p>In the event of serious misconduct by management which undermines the Company's performance, financial soundness and/or reputation, or inappropriate ethics and/or behaviour, the Board has absolute discretion to cancel and withdraw any unvested STI or LTI awards that Executives elect to take in cash or equity. Misconduct includes misrepresentation or material misstatements due to errors, omissions or negligence.</p> <p>In FY2022, the Board did not exercise their discretion on variable reward relating to misconduct.</p>
Clawback	<p>The Board has discretion in certain circumstances to clawback Alignment Rights awards, resulting shares or the financial benefit of those shares. These circumstances include fraud or gross misconduct, breach of law, material breach of policies or standards, bringing BlueScope into disrepute, material misstatement in financial statements, certain oversight failures or any other circumstances where there would be an inappropriate benefit. The clawback provisions apply to participants who were members of the ELT at the time any such circumstance occurred for the FY2017, FY2018 and FY2019 awards for three years post vesting. From the FY2020 award onwards, the clawback provision applies to all participants.</p> <p>No awards were subject to clawback during FY2022.</p>
Change of control	<p>The Board may permit Share Rights or Alignment Rights to vest if, at any time while there are Share Rights or Alignment Rights which have not lapsed or vested, a takeover bid is made to acquire the whole of the issued ordinary share capital of the Company or a transaction is announced by the Company which, if implemented, would result in a person owning all of the issued shares in the Company. The Company must permit the Share Rights and Alignment Rights to vest if a person acquires more than 50 per cent of the issued share capital of the Company provided that the Board determines that the performance hurdles have been satisfied as assessed at that time having regard to the shorter performance period.</p>

7.5 Securities Trading Policy

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

7.6 Minimum shareholding requirements

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

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

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

The ELT, including KMP, is expected to build their shareholding on a progressive basis over a reasonable period. The ROC regularly monitors the shareholding of the ELT, including Executive KMP. The Alignment Rights plan is an important mechanism to drive Executive share ownership through the regular vesting of rights on the achievement of the threshold performance hurdles. As at 30 June 2022, most executive KMP hold shares greater than their minimum shareholding requirement, and those who do not are new to the KMP role and are on track to achieving this requirement.



8. Additional Statutory Disclosures

8.1 Share rights awarded as remuneration and holdings

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

There were no options or rights vested and unexercisable at the end of FY2022. No amount is payable on the exercise of vested options. There have been no grants of options or rights post year end.

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

Share rights holdings for FY2022

	Granted in year ended		Exercised in year ended		Lapsed in year ended 30 June 2022		Vested and not yet exercised at 30 June 2022		Total Share Rights vested in year ended		Value of Share Rights granted during the year at grant date	Value of Share Rights exercised during the year	
	Balance at 30 June 2021	#	30 June 2022 ¹	#	30 June 2022 ²	#	Balance at 30 June 2022	#	Unvested at 30 June 2022	#	30 June 2022	\$	\$
Non-Executive Directors													
J Bevan	2,927		2,409		4,026	-	1,310		1,310	-	2,409	49,002	85,926
J Lambert	1,029		1,693		1,801	-	921		921	-	1,693	34,437	38,534
Previous Non-Executive Director													
M Hutchinson ⁶	1,543		2,541		2,702	336	1,046		1,046	-	2,205	51,687	57,812
Executive Director													
M Vassella	500,578		136,760		198,356	9,829	429,153		44,875	384,278	145,432	2,664,085	4,891,459
KMP Executives													
T Archibald	177,005		28,149		73,327	-	131,827		-	131,827	32,680	537,083	1,808,244
R Davies ⁷	58,133		-		-	-	58,133		-	58,133	-	-	-
P Finan	249,946		26,790		75,243	-	201,493		-	201,493	35,470	511,153	1,855,492
J Nowlan	169,409		26,668		71,188	-	124,889		-	124,889	32,680	508,825	1,755,496
C Zhang	-		69,017		-	-	69,017		-	69,017	-	1,208,013	-
Previous KMP Executives													
A Highnam ⁸	105,368		-		25,700	-	79,668		-	79,668	25,700	-	633,762
G Stephens ⁸	124,545		21,631		49,642	-	96,534		-	96,534	21,590	412,719	1,224,172

¹ The number of share rights granted includes rights awarded under the FY2022 Alignment Rights Award which are subject to Company performance hurdles. M Vassella elected to receive share rights under the FY22 STI Award. The number of share rights granted for the Non-Executive Directors (NED) includes the FY2022 NED Fee Sacrifice Plan (Tranche 1 and Tranche 2). As per S.300 (1)(d) of the Corporations Act, Doug Lange, President North Star is in the top five most highly remunerated officers of the Company. D Lange was granted 2,810 share rights under the FY2022 Alignment Rights Award.

² The number of shares issued is equal to the number of rights exercised and no amount was paid or remains unpaid for each share issued. For M Vassella, T Archibald, P Finan, J Nowlan and G Stephens this amount includes performance rights in respect of the FY2021 STI Award which vested in FY2021 and were exercised during FY2022.

³ The number of shares lapsed during the year relates to: FY22 STI Award for M Vassella and the NED Salary Sacrifice Plan for M Hutchinson.

⁴ External valuation advice from PricewaterhouseCoopers Securities Limited has been used to determine the value of share rights awarded in the year ended 30 June 2022. The valuation has been made using the Black-Scholes Option Pricing Model (BSM) that includes a Monte Carlo simulation analysis. The fair value per instrument of the Share Rights granted in the year ended 30 June 2022 was: FY2022 Alignment Rights Award - \$19.08; FY2022 STI Award - \$20.08; FY2022 NED Fee Sacrifice Plan Tranche 1 - \$20.39 and Tranche 2 - \$20.30.

⁵ Shares rights exercised during the year under the FY2021 STI Award, FY2019 Alignment Rights Award, FY2021 NED Fee Sacrifice Plan (Tranche 2) and FY2022 NED Fee Sacrifice Plan (Tranche 1). The value of the share rights exercised during the year was at the date of exercise which was 6 July 2021 for the FY2021 NED Fee Sacrifice Plan (Tranche 2); 2 September 2021 for the FY2021 STI Award and FY2019 Alignment Rights Award; 10 January 2022 for the FY2022 NED Fee Sacrifice Plan (Tranche 1). The share price at those dates was \$21.25, \$24.66 and \$21.59 respectively.

⁶ M Hutchinson ceased being Non-Executive Director effective 17 May 2022. The closing balance is reflected from this date.

⁷ R Davies commenced as KMP effective 1 January 2022. The opening balance is reflected from this date.

⁸ A Highnam and G Stephens ceased being KMP effective 8 October 2021 and 31 December 2021 respectively. The closing balance is reflected from this date.

There were 3,580,269 unvested securities on issue at the time of this report and 1,545,445 shares issued during the year as a result of the exercise of rights over unissued shares.

The table below sets out the details of each specific share right tranche issued by the Company and awards outstanding during FY2022 for Executive KMP.

2022 Award Details		Number of Share Rights awarded	Date of grant	% vested in year ended 30 June 2022	% forfeited in year ended 30 June 2022	Share Rights yet to vest	Financial year in which awards may vest
Executive Director							
M Vassella	FY19 LTI AR Award - 3 yr ¹	100,557	01-Sep-18	100%	-	-	2022
	FY20 LTI AR Award - 3 yr	150,463	18-Dec-19	-	-	150,463	2023
	FY21 LTI AR Award - 3 yr	151,759	14-Dec-20	-	-	151,759	2024
	FY22 LTI AR Award - 3 yr ²	82,056	13-Dec-21	-	-	82,056	2025
	FY22 STI Award - 1 yr ³	54,704	13-Dec-21	82%	18%	-	2022
KMP Executives							
T Archibald	FY19 LTI AR Award - 3 yr ¹	32,680	01-Sep-18	100%	-	-	2022
	FY20 LTI AR Award - 3 yr	51,617	18-Dec-19	-	-	51,617	2023
	FY21 LTI AR Award - 3 yr	52,061	14-Dec-20	-	-	52,061	2024
	FY22 LTI AR Award - 3 yr ²	28,149	13-Dec-21	-	-	28,149	2025
R Davies ⁴	FY20 LTI AR Award - 3 yr	17,400	18-Dec-19	-	-	17,400	2023
	FY21 LTI AR Award - 3 yr	21,120	14-Dec-20	-	-	21,120	2024
	FY22 LTI AR Award - 3 yr ²	19,613	13-Dec-21	-	-	19,613	2025
P Finan	FY19 LTI AR Award - 3 yr ¹	35,470	01-Sep-18	100%	-	-	2022
	FY20 LTI AR Award - 3 yr	51,597	18-Dec-19	-	-	51,597	2023
	FY20 Project Equity Award - 3 yr	50,154	18-Dec-19	-	-	50,154	2023
	FY20 Project Equity Award - 3 yr	22,010	12-May-20	-	-	22,010	2023
	FY21 LTI AR Award - 3 yr	50,942	14-Dec-20	-	-	50,942	2024
	FY22 LTI AR Award - 3 yr ²	26,790	13-Dec-21	-	-	26,790	2025
J Nowlan	FY19 LTI AR Award - 3 yr ¹	32,680	01-Sep-18	100%	-	-	2022
	FY20 LTI AR Award - 3 yr	48,900	18-Dec-19	-	-	48,900	2023
	FY21 LTI AR Award - 3 yr	49,321	14-Dec-20	-	-	49,321	2024
	FY22 LTI AR Award - 3 yr ²	26,668	13-Dec-21	-	-	26,668	2025
C Zhang	FY21 LTI AR Award - 3 yr	45,536	23-Sep-21	-	-	45,536	2024
	FY22 LTI AR Award - 3 yr ²	23,481	13-Dec-21	-	-	23,481	2025
Previous KMP Executives							
A Highnam ⁵	FY19 LTI AR Award - 3 yr ¹	25,700	01-Sep-18	100%	-	-	2022
	FY20 LTI AR Award - 3 yr	39,663	18-Dec-19	-	-	39,663	2023
	FY21 LTI AR Award - 3 yr	40,005	14-Dec-20	-	-	40,005	2024
G Stephens ⁵	FY19 LTI AR Award - 3 yr ¹	21,590	01-Sep-18	100%	-	-	2022
	FY20 LTI AR Award - 3 yr	36,118	18-Dec-19	-	-	36,118	2023
	FY21 LTI AR Award - 3 yr	38,785	14-Dec-20	-	-	38,785	2024
	FY22 LTI AR Award - 3 yr ²	21,631	13-Dec-21	-	-	21,631	2025

¹ Following the release of the FY2021 Remuneration Report and based on performance against targets, the Board approved vesting of share rights granted under the FY2019 LTI Alignment Right Award.

² The FY2022 LTI Alignment Rights Award expiry date is 31 December 2027.

³ The FY2022 STI Award expiry date is 31 December 2024.

⁴ R Davies commenced as KMP effective 1 January 2022. The share right awards listed are his holdings balance from this date.

⁵ A Highnam and G Stephens ceased being KMP effective 8 October 2021 and 31 December 2021 respectively. The share right awards listed are represented at this date.

8.2 Shareholdings in BlueScope Steel Limited

The numbers of shares in the Company held during the financial year by each Director of the Company and other KMP of the Group, including their personally related parties are set out below.

Name	Ordinary shares held as at 30 June 2021	Received during the year on the exercise of share rights ¹	Shares granted as compensation	Net changes (other) ²	Ordinary shares held as at 30 June 2022
Non-Executive Directors					
J Bevan	57,461	-	-	4,026	61,487
K Conlon	10,208	-	-	-	10,208
E Crouch	32,500	-	-	-	32,500
R Dee-Bradbury	27,300	-	-	-	27,300
K Johnson ³	-	-	-	-	-
J Lambert	15,050	-	-	1,801	16,851
Z Zhang ³	-	-	-	-	-
Previous Non-Executive Directors					
P Bingham-Hall ⁴	57,834	-	-	-	57,834
M Hutchinson ⁴	12,845	-	-	2,702	15,547
Executive Director					
M Vassella	842,325	198,356	-	(99,178)	941,503
KMP Executives					
T Archibald	98,944	73,327	-	(56,987)	115,284
R Davies ⁵	-	-	-	-	-
P Finan	265,495	75,243	-	(45,097)	295,641
J Nowlan	290,315	71,188	-	(18,000)	343,503
C Zhang ⁶	-	22,448	-	-	22,448
Previous KMP Executives					
A Highnam ⁷	181,715	25,700	-	(25,700)	181,715
G Stephens ⁸	13,575	49,642	-	(42,000)	21,217

¹ Exercise of share rights awarded under the FY2019 Alignment Rights Plan and FY2021 STI Share Rights Plan.

² These amounts represent on market acquisitions and disposals of shares including shares sold to fund payment of income tax liabilities arising from vesting of share right awards.

³ K Johnson and Z Zhang commenced as Non-Executive Directors of the Company effective 2 January 2022. K Johnson and Z Zhang do not hold any shares as at 30 June 2022.

⁴ P Bingham-Hall and M Hutchinson ceased being Non-Executive Directors of the Company effective 31 October 2021 and 17 May 2022 respectively. The shareholding is represented at these dates.

⁵ R Davies commenced as KMP effective 1 January 2022. R Davies does not hold any shares as at 30 June 2022.

⁶ C Zhang received 22,448 sign-on shares on commencement of employment which are subject to a restriction period which ends on 31 March 2023. These shares will be expensed over a two year period.

⁷ A Highnam ceased being a KMP effective 8 October 2021. The shareholding is represented at 8 October 2021.

⁸ G Stephens ceased being a KMP effective 31 December 2021. The shareholding is represented at 31 December 2021.

8.3 Loans to Key Management Personnel

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

8.4 Other transactions with Key Management Personnel

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

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

OTHER MATTERS

Environmental Regulation

In FY2022, BlueScope notified relevant authorities of 15 incidents resulting in environmental non-compliance, 9 of which occurred in Australia and 6 in New Zealand, where BlueScope's manufacturing operations are subject to significant environmental reporting obligations. This is less than the Company's overall number of non-compliances reported last year, noting that the total number is at the lower end of the historical range and less than half the number recorded only a decade ago.

The NSW Environment Protection Authority (EPA) issued Australian Steel Products one advisory letter in relation to an incident at the Port Kembla Steelworks relating to a visible air emission that occurred through the standpipe cap water seal on oven 751 at Coke Plant 2 on 9 January 2022.

Also in relation to the Port Kembla Steelworks, Australian Steel Products received a formal warning from the EPA for a breach of the pH limit at the Ironmaking East Drain on 26 February 2022.

For the financial year to date no other penalty infringement notices or use of regulatory instruments have been reported across BlueScope's Australian operations.

Further environmental information will be provided in BlueScope's Sustainability Report due for release in September 2022.

Indemnification and Insurance of Officers

The Company has entered into directors' and officers' insurance policies and paid an insurance premium in respect of the insurance policies, to the extent permitted by the Corporations Act 2001. The insurance policies cover former Directors of the Company along with the current Directors of the Company (listed on page 33). Executive officers and employees of the Company and its related bodies corporate are also covered.

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

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

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

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

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

Indemnification of Auditors

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

Proceedings on Behalf of BlueScope

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

Rounding of Amounts

Amounts in the Directors' Report are presented in Australian dollars with values rounded to the nearest hundred thousand dollars, or in certain cases a lesser amount, in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) instrument 2016/191.

Auditor Independence

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

Auditor Independence Declaration

The Auditor's Independence Declaration for the year ended 30 June 2022 has been received from Ernst & Young. This is set out at page 75 of the Directors' Report.

Non-Audit Services

Ernst & Young provided \$480,000 of non-audit services during the year ended 30 June 2022, comprising:

\$411,000 for advisory services; and

\$69,000 for tax compliance services.

The Directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors in accordance with the *Corporations Act 2001*. The nature, value and scope of each type of non-audit service provided is considered by the Directors not to have compromised auditor independence.

This Report is made in accordance with a resolution of the Directors.



J A BEVAN

Chairman



M VASSELLA

Managing Director and Chief Executive Officer

15 August 2022



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of BlueScope Steel Limited

As lead auditor for the audit of BlueScope Steel Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. No contraventions of any applicable code of professional conduct in relation to the audit.
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Matthew Honey
Partner
15 August 2022

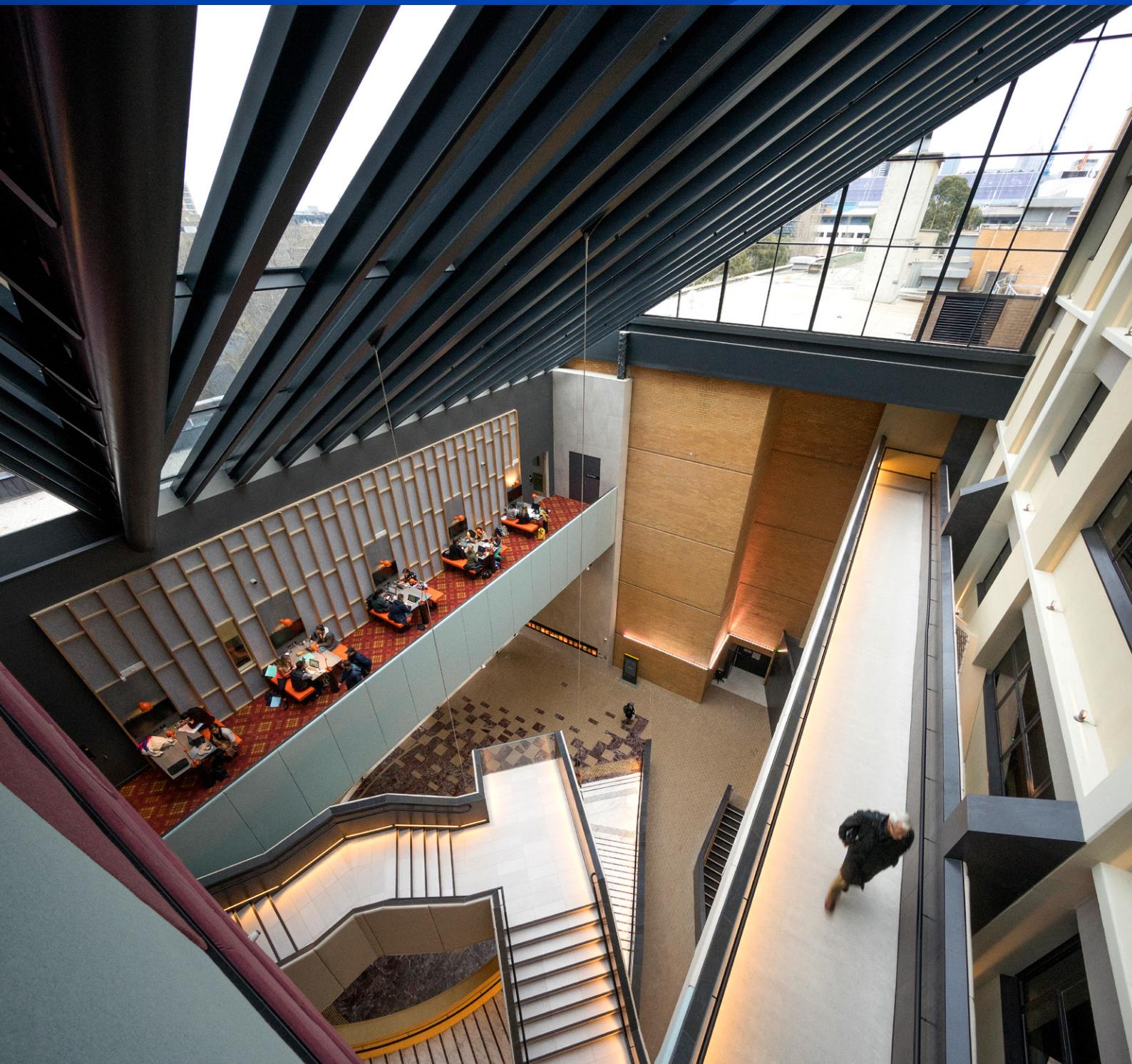
GLOSSARY

1H	Six months ended 31 December in the relevant financial year
1H FY2021	Six months ended 31 December 2020
1H FY2022	Six months ended 31 December 2021
1H FY2023	Six months ended 31 December 2022
2H	Six months ended 30 June in the relevant financial year
2H FY2021	Six months ending 30 June 2021
2H FY2022	Six months ending 30 June 2022
ASEAN	Association of South East Asian Nations
ASP	Australian Steel Products segment
A\$, \$	Australian dollar
BCP	BlueScope Coated Products
BCPNA	Buildings and Coated Products North America segment
BF	Blast Furnace
BP or Building Products	Building Products Asia & North America segment
BNA	Buildings North America – BlueScope's US-based engineered building solutions business
BlueScope or the Group	BlueScope Steel Limited and its subsidiaries (i.e. the consolidated group)
BPG	BlueScope Properties Group
BRM	BlueScope Recycling and Materials
the Company	BlueScope Steel Limited (i.e. the parent entity)
CY2021	Calendar year ended 31 December 2021
CY2022	Calendar year ended 31 December 2022
DPS	Dividend per share
DRI	Direct Reduced Iron
EAF	Electric Arc Furnace
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBS	Engineered building solutions, a key product offering of BCPNA and Building Products
EPS	Earnings per share
FY2021	12 months ending 30 June 2021
FY2022	12 months ending 30 June 2022
FY2023	12 months ending 30 June 2023
HBI	Hot briquetted iron
HRC	Hot rolled coil steel
IFRS	International Financial Reporting Standards
IRR	Internal rate of return
Leverage, or leverage ratio	Net debt over LTM underlying EBITDA
LTM	Last twelve months
mt	Million metric tonnes
Net debt, or ND	Gross debt less cash
NOA	Net operating assets pre-tax
North Star	North Star BlueScope Steel
NPAT	Net profit after tax
NSC	Nippon Steel Corporation
NZ\$	New Zealand dollar
NZPI	New Zealand & Pacific Islands segment
PKSW	Port Kembla Steelworks
ROIC	Return on invested capital (or ROIC), last 12 months' underlying EBIT over trailing 13-month average capital employed
ROU	Right of use
TBSL	Tata BlueScope Steel
TRIFR	Total recordable injury frequency rate (recordable injuries per million hours worked)
US	United States of America
US\$	United States dollar

Section

02

Financial report



BlueScope Steel Limited ABN 16 000 011 058
Annual Financial Report - 30 JUNE 2022

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3.Other income	8.Operating intangible assets	14.Carrying value of non-financial assets	17.Leases	23.Subsidiaries and non-controlling interests		30.Parent entity financial information
4.Income tax	9.Trade and other payables		18.Contributed equity	24.Investment in associates		31.Deed of cross - guarantee
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Statement of Comprehensive Income

BLUESCOPE STEEL LIMITED
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$M	Consolidated 2021 \$M
Revenue from continuing operations	2	19,029.9	12,902.2
Other income	3	116.4	74.1
Changes in inventories of finished goods and work in progress		592.7	208.2
Raw materials and consumables used		(11,319.8)	(7,609.4)
Employee benefits expense		(2,169.2)	(1,810.1)
Depreciation and amortisation expense	12,13,17(b)	(549.5)	(487.8)
Net impairment write-back of non-current assets	14(f)	38.6	-
Freight on external despatches		(715.6)	(546.7)
External services		(833.6)	(789.5)
Finance costs	16(f),17(d)	(72.4)	(71.9)
Net restructuring expenses		(3.3)	(3.2)
Other expenses		(357.6)	(205.5)
Share of net profits of associates and joint venture partnerships accounted for using the equity method	24(a),25(a)	30.1	25.2
Profit before income tax		3,786.7	1,685.6
Income tax (expense)	4(a)	(806.7)	(388.1)
Profit from continuing operations		2,980.0	1,297.5
Profit from discontinued operations after income tax		3.0	10.0
Net profit for the year		2,983.0	1,307.5
<i>Items that may be reclassified to profit or loss</i>			
Net gain on cash flow hedges		24.2	29.7
- Income tax benefit (expense)		(7.2)	(9.0)
Net gain (loss) on net investments in foreign subsidiaries	19(a)	11.7	(40.4)
- Income tax benefit		(3.5)	12.1
Exchange fluctuations on translation of foreign operations attributable to BlueScope Steel Limited	19(a)	319.7	(206.8)
<i>Items that will not be reclassified to profit or loss</i>			
Net actuarial gains on retirement plans	11	30.9	208.8
- Income tax expense		(8.8)	(58.5)
Investment revaluation	22	3.6	12.6
Exchange fluctuations on translation of foreign operations attributable to non-controlling interests		31.5	(49.6)
Other comprehensive income (loss) for the year		402.1	(101.1)
Total comprehensive income for the year		3,385.1	1,206.4
Profit is attributable to:			
Owners of BlueScope Steel Limited		2,810.1	1,193.3
Non-controlling interests		172.9	114.2
		2,983.0	1,307.5
Total comprehensive income for the year is attributable to:			
Owners of BlueScope Steel Limited		3,181.2	1,141.8
Non-controlling interests		203.9	64.6
		3,385.1	1,206.4
Earnings per share for profit attributable to ordinary equity holders of the Company from:	Notes	2022 Cents	2021 Cents
Continuing operations:			
Basic earnings per share	5	570.9	234.9
Diluted earnings per share	5	566.5	232.8
Total operations:			
Basic earnings per share	5	571.5	237.0
Diluted earnings per share	5	567.1	234.9

Statement of Financial Position

BLUESCOPE STEEL LIMITED
AS AT 30 JUNE 2022

	Notes	2022 \$M	Consolidated 2021 \$M
ASSETS			
Current assets			
Cash and cash equivalents	15	1,682.7	1,961.9
Trade and other receivables	6	2,134.4	1,609.2
Contract assets	2(b)	42.2	31.2
Inventories	7	3,699.0	2,318.2
Operating intangible assets	8	82.7	45.6
Derivative financial instruments	32(d)	51.2	10.4
Deferred charges and prepayments		191.6	162.3
Total current assets		7,883.8	6,138.8
Non-current assets			
Trade and other receivables	6	38.7	42.0
Inventories	7	68.7	61.6
Operating intangible assets	8	172.9	106.2
Derivative financial instruments	32(d)	40.4	18.7
Investments accounted for using the equity method	24,25	140.2	109.3
Other investments - fair value through other comprehensive income	22	30.2	27.9
Property, plant and equipment	12	5,266.8	4,521.9
Right-of-use assets	17(b)	374.4	357.9
Intangible assets	13	2,453.5	1,544.1
Deferred tax assets	4(d)	122.7	204.3
Deferred charges and prepayments		11.5	16.3
Retirement benefit assets	11(b)	6.7	-
Total non-current assets		8,726.7	7,010.2
Total assets		16,610.5	13,149.0
LIABILITIES			
Current liabilities			
Trade and other payables	9	2,677.5	2,185.8
Borrowings	16	610.6	73.7
Lease liabilities	17(c)	102.5	95.3
Current tax liabilities		152.8	75.1
Provisions	10	787.7	549.0
Contract liabilities	2(b)	333.1	268.3
Deferred income	3(a)	77.5	30.3
Derivative financial instruments	32(d)	1.4	3.5
Total current liabilities		4,743.1	3,281.0
Non-current liabilities			
Trade and other payables	9	37.0	50.0
Borrowings	16	166.6	548.8
Lease liabilities	17(c)	435.9	446.0
Deferred tax liabilities	4(d)	533.9	258.6
Provisions	10	186.1	185.0
Contract liabilities	2(b)	8.3	6.2
Retirement benefit obligations	11	48.5	196.3
Deferred income		3.0	3.9
Derivative financial instruments	32(d)	-	12.8
Total non-current liabilities		1,419.3	1,707.6
Total liabilities		6,162.4	4,988.6
Net assets		10,448.1	8,160.4
EQUITY			
Contributed equity	18(a)	2,958.0	3,649.9
Reserves	19	516.9	156.9
Retained profits		6,307.6	3,822.8
Parent entity interest		9,782.5	7,629.6
Non-controlling interests	23	665.6	530.8
Total equity		10,448.1	8,160.4

Statement of Changes in Equity

BLUESCOPE STEEL LIMITED
AS AT 30 JUNE 2022

Consolidated - 30 June 2022

	Notes	Contributed equity \$M	Reserves \$M	Retained profits \$M	Non-controlling interests \$M	Total \$M
Balance at 1 July 2021		3,649.9	156.9	3,822.8	530.8	8,160.4
Profit for the period		-	-	2,810.1	172.9	2,983.0
Other comprehensive income		-	349.0	22.1	31.0	402.1
Total comprehensive income for the year		-	349.0	2,832.2	203.9	3,385.1
Transactions with owners in their capacity as owners:						
Issue of share awards	18(b), 19(a)	(15.6)	(13.2)	-	-	(28.8)
Share-based payment expense	19(a)	-	20.6	-	-	20.6
Share buybacks	18(b)	(650.6)	-	-	-	(650.6)
Treasury shares	18(b)	(28.8)	-	-	-	(28.8)
Dividends paid		-	-	(344.0)	(69.1)	(413.1)
Tax credit recognised directly in equity	18(b)	3.1	-	-	-	3.1
Other		-	3.6	(3.4)	-	0.2
		(691.9)	11.0	(347.4)	(69.1)	(1,097.4)
Balance at 30 June 2022		2,958.0	516.9	6,307.6	665.6	10,448.1

Consolidated - 30 June 2021

	Notes	Contributed equity \$M	Reserves \$M	Retained profits \$M	Non-controlling interests \$M	Total \$M
Balance at 1 July 2020		3,634.7	354.6	2,553.8	496.5	7,039.6
Profit for the period		-	-	1,193.3	114.2	1,307.5
Other comprehensive income (loss)		-	(201.9)	150.4	(49.6)	(101.1)
Total comprehensive income (loss) for the year		-	(201.9)	1,343.7	64.6	1,206.4
Transactions with owners in their capacity as owners:						
Issue of share awards	18(b), 19(a)	14.0	(14.0)	-	-	-
Share-based payment expense	19(a)	-	22.5	-	-	22.5
Treasury shares	18(b)	(0.9)	-	-	-	(0.9)
Dividends paid		-	-	(70.5)	(30.4)	(100.9)
Tax credit recognised directly in equity	18(b)	2.1	-	-	-	2.1
Other		-	(4.3)	(4.2)	0.1	(8.4)
		15.2	4.2	(74.7)	(30.3)	(85.6)
Balance at 30 June 2021		3,649.9	156.9	3,822.8	530.8	8,160.4

Statement of Cash Flows

BLUESCOPE STEEL LIMITED
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$M	2021 \$M
Cash flows from operating activities			
Receipts from customers		19,270.1	12,887.0
Payments to suppliers and employees		(16,354.7)	(11,129.7)
		2,915.4	1,757.3
Dividends received - other		2.0	0.2
Interest received		12.9	9.0
Other revenue		30.0	28.8
Finance costs paid		(70.4)	(68.3)
Income taxes paid		(417.9)	(68.8)
Net cash inflow from operating activities	15(a)	2,472.0	1,658.2
Cash flows from investing activities			
Payments for purchase of businesses, net of cash acquired	21(b)	(997.5)	-
Payments for purchase of investment		(1.0)	-
Payments for property, plant and equipment		(745.6)	(753.4)
Payments for intangibles		(18.1)	(7.0)
Proceeds from sale of property, plant and equipment		2.4	2.9
Proceeds from disposal of investment		-	0.1
Net cash (outflow) from investing activities		(1,759.8)	(757.4)
Cash flows from financing activities			
Proceeds from borrowings		399.3	207.6
Repayment of borrowings		(298.7)	(304.1)
Repayment of lease liabilities	17(c)	(104.7)	(101.5)
Dividends paid to Company's shareholders	20(a)	(344.0)	(70.5)
Dividends paid to non-controlling interests in subsidiaries		(69.1)	(30.4)
Share buybacks		(638.1)	-
Other		3.8	3.0
Net cash (outflow) from financing activities		(1,051.5)	(295.9)
Net (decrease) increase in cash and cash equivalents		(339.3)	604.9
Cash and cash equivalents at the beginning of the financial year		1,961.1	1,399.5
Effects of exchange rate changes on cash and cash equivalents		53.3	(43.3)
Cash and cash equivalents at end of financial year	15	1,675.1	1,961.1
Reconciliation of liabilities arising from financing activities	16(a),17(c)		
Financing arrangements	16(b)		
Non-cash financing activities	17(c)		

ABOUT THIS REPORT

BlueScope Steel Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The registered office of the Company is Level 11, 120 Collins Street, Melbourne, Victoria, Australia 3000. The nature of the operations and principal activities of the Group are described in note 1(a) and the Directors' Report.

The financial report of BlueScope Steel Limited for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the Directors on 15 August 2022.

Basis of preparation

This financial report is a general purpose financial report, prepared by a for-profit entity, which:

- Has been prepared in accordance with the requirements of the *Australian Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).
- Includes consolidated financial statements, incorporating the assets and liabilities of all subsidiaries of BlueScope Steel Limited ('the Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. BlueScope Steel Limited and its subsidiaries together are referred to in this financial report as 'the Group'.
- Has been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value and other investments fair valued through other comprehensive income.
- Is presented in Australian dollars with values rounded to the nearest hundred thousand dollars, or in certain cases, a lesser amount, in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.
- Presents comparative information where required for consistency with the current year's presentation.
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2021 as disclosed in note 34(a).
- Does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective as disclosed in note 34(b).

Functional and presentation currency

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

Key estimates and judgements

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the following notes:

Note 4	Income tax
Note 10	Provisions
Note 11	Retirement benefit obligations
Note 12	Property, plant and equipment
Note 14	Carrying value of non-financial assets
Note 17	Leases
Note 21	Business combinations
Note 28	Share-based payments

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FINANCIAL PERFORMANCE

This section of the notes includes segment information and provides further information on key line items relevant to financial performance that the Directors consider most relevant, including accounting policies, key judgements and estimates relevant to understanding these items.

1 Segment information

(a) Description of segments

The Group's operating segments are reported in a manner which is materially consistent with the internal reporting provided to the chief operating decision maker. The Managing Director and Chief Executive Officer is responsible for allocating resources and assessing performance of the operating segments.

Segment	Description
Australian Steel Products	<ul style="list-style-type: none"> ASP produces and markets a range of high value coated and painted flat steel products for Australian building and construction customers as well as providing a broader offering of commodity flat steel products. Products are primarily sold to the Australian domestic market, with some volume exported. Key brands include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of products. Main manufacturing facilities are at Port Kembla (NSW) and Western Port (Victoria). This segment also operates pipe and tube manufacturing, and a network of roll-forming and distribution sites throughout Australia, acting as a major steel product supplier to the building and construction, manufacturing, transport, agriculture and mining industries.
North Star BlueScope Steel	<ul style="list-style-type: none"> North Star BlueScope Steel is a single site electric arc furnace producer of hot rolled coil in Ohio US, serving automotive, construction and manufacturing end-use industries. It is strategically located near its customers and in one of the largest scrap regions in North America. On 17 December 2021, the Group acquired the US ferrous scrap steel recycling business of Metal X LLC (refer to note 21(a)). It has processing facilities in Waterloo, Indiana and in Delta, Ohio, adjacent to the North Star facility.
Building Products Asia and North America	<ul style="list-style-type: none"> Technology leader in metal coated and painted steel building products, principally focused on the Asia-Pacific region, with a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT® range of products. This segment has an extensive footprint of metallic coating, painting and steel building product operations in Thailand, Indonesia, Vietnam, Malaysia, India and the west coast of North America, primarily servicing the residential and non-residential building and construction industries across Asia, and the non-residential building and construction industry on the west coast of North America. This segment also includes Building Products China, comprising metal coating, painting, Lysaght operations and Engineered Building Solutions. BlueScope operates in ASEAN and the west coast of North America in partnership with Nippon Steel Corporation (NSC) and in India with Tata Steel. Both are 50/50 joint ventures, with BlueScope controlling and therefore consolidating the joint venture with NSC, and jointly controlling and therefore equity accounting the joint venture with Tata Steel.
Buildings and Coated Products North America (previously called Buildings North America)	<ul style="list-style-type: none"> Leader in Engineered Building Solutions (EBS), servicing the low-rise non-residential construction needs of customers from an engineering and manufacturing base in North America. This segment also includes the BlueScope Properties Group which develops industrial properties, predominantly warehouses and distribution centres. On 28 June 2022, the Group acquired Coil Coatings business from Cornerstone Buildings Brands, Inc (refer to note 21(a)). The coil painting operations extend across the Eastern US region and is the second largest metal painter in the US, with seven facilities predominantly serving the construction industry.
New Zealand & Pacific Islands	<ul style="list-style-type: none"> Consists of three primary business areas: New Zealand Steel, Pacific Steel and BlueScope Pacific Islands. New Zealand Steel is the only steel producer in New Zealand, producing slab, billet, hot rolled coil and value added coated and painted products for both domestic and export markets across the Pacific Region. Operations include the manufacture and distribution of the LYSAGHT® range of products in Fiji, New Caledonia and Vanuatu and rod and bar in Fiji. Pacific Steel is the sole producer of long steel products such as rod, bar, reinforcing coil and wire in New Zealand. Segment also includes the Waikato North Head iron sands mine which supplies iron sands to the Glenbrook Steelworks.

1 Segment information (continued)

(b) Reportable segments

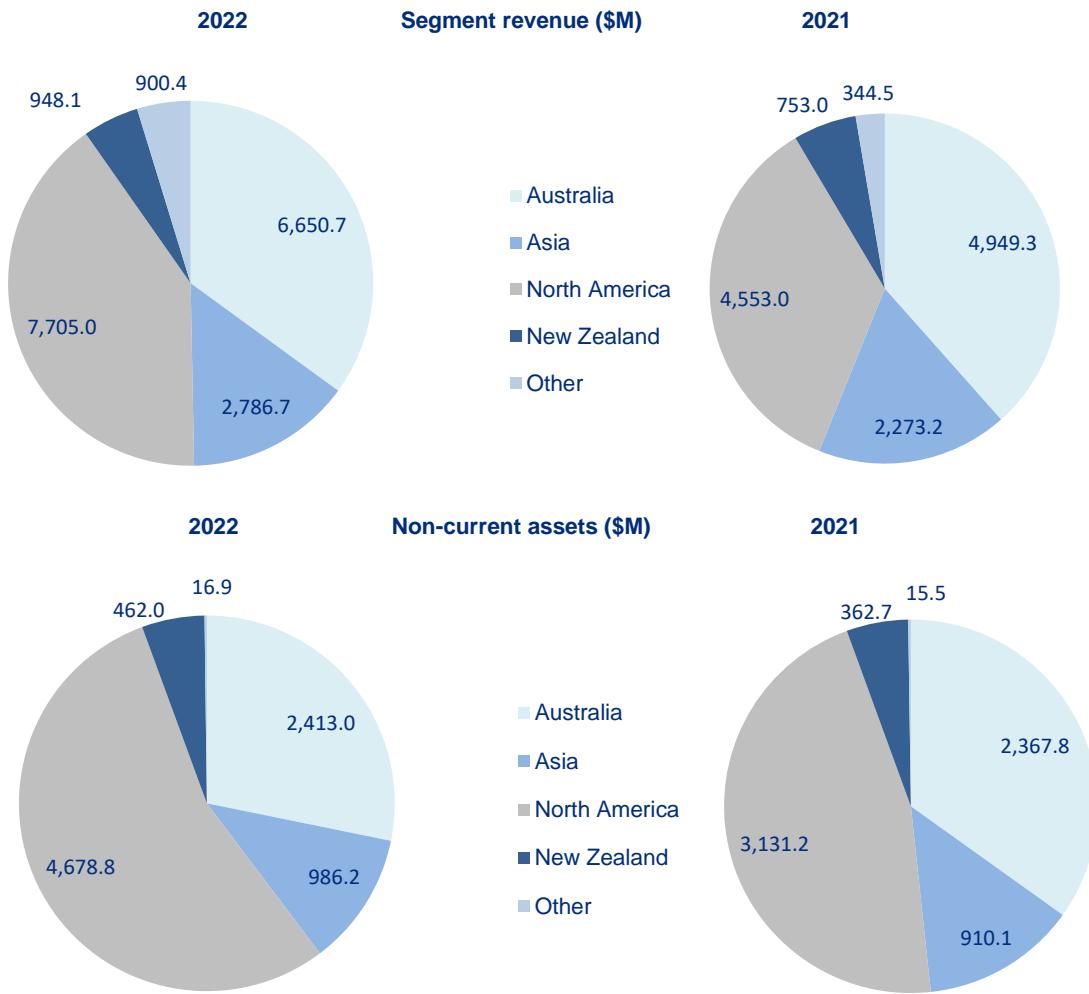
The segment information provided to the Managing Director and Chief Executive Officer for the reportable segments for the year ended 30 June 2022 is as follows:

30 June 2022	Australian Steel Products \$M	North Star BlueScope Steel \$M	Building Products Asia & North America \$M	Buildings & Coated Products North America \$M	New Zealand & Pacific Islands \$M	Discontinued Operations \$M	Total \$M
Total segment sales revenue	8,228.7	4,494.5	4,290.9	1,586.2	1,125.1	-	19,725.4
Intersegment revenue	(339.7)	(75.6)	(194.7)	(1.7)	(122.8)	-	(734.5)
Revenue from external customers	7,889.0	4,418.9	4,096.2	1,584.5	1,002.3	-	18,990.9
Segment EBIT	1,298.0	1,887.5	456.3	94.4	265.4	3.0	4,004.6
Depreciation and amortisation	311.1	92.0	90.5	26.1	28.0	-	547.7
Net impairment (write-back) of assets	-	-	(38.6)	-	-	-	(38.6)
Share of profit (loss) from associates and joint venture partnerships	-	0.7	29.4	-	-	-	30.1
Total segment assets	5,489.4	4,018.0	2,618.4	1,820.3	942.2	16.8	14,905.1
Total assets includes:							
Investments in associates and joint venture partnerships	-	0.9	139.3	-	-	-	140.2
Additions to non-current assets (other than financial assets and deferred tax)	366.4	621.6	71.8	725.9	61.2	-	1,846.9
Total segment liabilities	1,794.7	698.5	937.1	401.7	411.3	3.2	4,246.5
30 June 2021	Australian Steel Products \$M	North Star BlueScope Steel \$M	Building Products Asia & North America \$M	Buildings & Coated Products North America \$M	New Zealand & Pacific Islands \$M	Discontinued Operations \$M	Total \$M
Total segment sales revenue	5,848.5	2,377.7	3,125.6	1,098.7	894.3	0.1	13,344.9
Intersegment revenue	(294.0)	(61.8)	(78.1)	(1.5)	(36.5)	-	(471.9)
Revenue from external customers	5,554.5	2,315.9	3,047.5	1,097.2	857.8	0.1	12,873.0
Segment EBIT	674.3	674.5	328.2	112.3	138.4	9.6	1,937.3
Depreciation and amortisation	287.6	64.1	88.7	24.8	21.5	-	486.7
Share of profit (loss) from associates and joint venture partnerships	-	-	26.7	(1.5)	-	-	25.2
Total segment assets	4,367.2	2,978.3	2,205.5	775.1	731.6	18.1	11,075.8
Total assets includes:							
Investments in associates and joint venture partnerships	-	-	109.3	-	-	-	109.3
Additions to non-current assets (other than financial assets and deferred tax)	265.9	564.9	57.6	38.6	56.2	-	983.2
Total segment liabilities	1,392.0	604.0	932.8	271.7	442.7	3.1	3,646.3

1 Segment information (continued)

(c) Geographical information

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



(d) Other segment information

(i) Segment revenue

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

	Consolidated	2022	2021
	\$M	\$M	\$M
Total segment sales revenue		19,725.4	13,344.9
Intersegment eliminations		(734.5)	(471.9)
Discontinued operations		-	(0.1)
Other revenue		39.0	29.3
Total revenue from continuing operations		19,029.9	12,902.2

1 Segment information (continued)

(ii) Segment EBIT

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

	Consolidated	
	2022 \$M	2021 \$M
Total segment EBIT	4,004.6	1,937.3
Intersegment eliminations	4.2	(42.1)
Interest income	13.3	9.0
Finance costs	(72.4)	(71.9)
Discontinued operations	(3.0)	(10.0)
Corporate operations	(160.0)	(136.7)
Profit before income tax from continuing operations	3,786.7	1,685.6

(iii) Segment assets and liabilities

Segment assets and liabilities are measured in a manner consistent with the financial statements and are allocated based on the operations.

Cash and liabilities arising from borrowings and leases are not considered to be segment assets and liabilities respectively due to these being managed by the Group's centralised treasury function.

	Consolidated	
	2022 \$M	2021 \$M
Segment assets	14,905.1	11,075.8
Intersegment eliminations	(312.3)	(383.5)
Unallocated:		
Deferred tax assets	122.7	204.3
Cash	1,682.7	1,961.9
Accrued interest receivable	0.5	0.1
Corporate operations	211.8	290.4
Total assets	16,610.5	13,149.0

	Note	Consolidated	
		2022 \$M	2021 \$M
Segment liabilities		4,246.5	3,646.3
Intersegment eliminations		(271.8)	(338.6)
Unallocated:			
Borrowings		777.2	622.5
Lease liabilities		538.4	541.3
Current tax liabilities		152.8	75.1
Deferred tax liabilities		533.9	258.6
Accrued borrowing costs payable		4.0	4.2
Deferred purchase price	21(b)	29.1	-
Corporate operations		152.3	179.2
Total liabilities		6,162.4	4,988.6

2 Revenue

	Consolidated	
	2022 \$M	2021 \$M
Sales revenue from contracts with customers	18,990.9	12,872.9
<i>Other revenue</i>		
Interest	13.3	9.0
Other	25.7	20.3
	39.0	29.3
Total revenue from continuing operations	19,029.9	12,902.2
From discontinued operations		
Sales revenue from contracts with customers	-	0.1
Total revenue from discontinued operations	-	0.1

(a) Disaggregation of sales revenue from contracts with customers

30 June 2022	Australian Steel Products \$M	North Star BlueScope Steel \$M	Building Products Asia & North America \$M	Buildings & Coated Products North America \$M	New Zealand & Pacific Islands \$M	Discontinued Operations \$M	Total \$M
External sales revenue recognition							
Point in time	7,889.0	4,418.9	3,269.1	67.6	1,002.3	-	16,646.9
Over time	-	-	827.1	1,516.9	-	-	2,344.0
	7,889.0	4,418.9	4,096.2	1,584.5	1,002.3	-	18,990.9
External sales revenue by destination							
Australia	6,598.8	-	37.9	-	14.1	-	6,650.8
Asia	211.3	-	2,559.6	-	15.8	-	2,786.7
North America	307.8	4,418.9	1,393.8	1,584.5	-	-	7,705.0
New Zealand	37.0	-	4.1	-	907.0	-	948.1
Other	734.1	-	100.8	-	65.4	-	900.3
	7,889.0	4,418.9	4,096.2	1,584.5	1,002.3	-	18,990.9
External sales revenue by category							
Steelmaking Products	2,214.7	4,330.3	-	-	163.8	-	6,708.8
Building Products	5,157.2	-	3,269.1	-	838.5	-	9,264.8
Engineered Building Solutions	-	-	827.1	1,516.9	-	-	2,344.0
Properties	-	-	-	67.6	-	-	67.6
Other	517.1	88.6	-	-	-	-	605.7
	7,889.0	4,418.9	4,096.2	1,584.5	1,002.3	-	18,990.9

2 Revenue (continued)

30 June 2021

	Australian Steel Products \$M	North Star BlueScope Steel \$M	Building Products Asia & North America \$M	Buildings & Coated Products North America \$M	New Zealand & Pacific Islands \$M	Discontinued Operations \$M	Total \$M
External sales revenue recognition							
Point in time	5,554.5	2,315.9	2,520.5	139.5	857.8	-	11,388.2
Over time	-	-	527.0	957.7	-	0.1	1,484.8
	5,554.5	2,315.9	3,047.5	1,097.2	857.8	0.1	12,873.0
External sales revenue by destination							
Australia	4,879.2	-	32.4	-	37.7	-	4,949.3
Asia	202.5	-	2,064.4	-	6.2	0.1	2,273.2
North America	235.2	2,315.9	904.7	1,097.2	-	-	4,553.0
New Zealand	20.1	-	-	-	732.9	-	753.0
Other	217.5	-	46.0	-	81.0	-	344.5
	5,554.5	2,315.9	3,047.5	1,097.2	857.8	0.1	12,873.0
External sales revenue by category							
Steelmaking Products	1,290.0	2,315.9	-	-	117.3	-	3,723.2
Building Products	3,905.2	-	2,520.5	-	740.5	-	7,166.2
Engineered Building Solutions	-	-	527.0	957.7	-	0.1	1,484.8
Properties	-	-	-	139.5	-	-	139.5
Other	359.3	-	-	-	-	-	359.3
	5,554.5	2,315.9	3,047.5	1,097.2	857.8	0.1	12,873.0

(b) Assets and liabilities related to contracts with customers

		Consolidated		
		2022	2021	
		\$M	\$M	
Current contract assets				
Engineered Building Solutions		42.2		31.2
Current contract liabilities				
Customer deposits received in advance of work performed		332.2	267.4	
Service warranties		0.9	0.9	
Total current contract liabilities		333.1		268.3
Non-current contract liabilities				
Service warranties		8.3		6.2
Total non-current contract liabilities		8.3		6.2

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

The service warranties relate to our North American Buildings and Building Product businesses and range from 5 to 30 years. Revenue brought to account during the year was immaterial.

(c) Recognition and measurement

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

As a manufacturer, the Group's primary performance obligation is the delivery of steel products. In addition to delivering goods, the Group also provides design, construction or installation services in our Buildings and Building Product businesses in accordance with the contract. Other than for the provision of service warranties, the Group's performance obligations primarily have an original expected duration of one year or less.

2 Revenue (continued)

Revenue is recognised at a point in time for goods being upon delivery to the customer or over the ship's rail. Revenue is recognised over time for bundled goods and services such as design, construction or installation services. The Group has determined that the output method is the best method in measuring bundled goods and the input method for measuring services as there is a direct relationship between the Group's effort and the transfer of goods and services to the customer. The Group recognises revenue on the basis of the total goods delivered and costs expected relative to the total expected goods to be delivered and total expected costs.

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

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

3 Other income

		Consolidated	
	Notes	2022 \$M	2021 \$M
Carbon permit income	3(a)	109.4	62.2
Government grants		1.2	1.8
Insurance recoveries		0.1	0.1
Net gain on sale of PP&E and ROU lease termination	12(a),17(d)	4.2	10.0
Net foreign exchange gains		1.5	-
		116.4	74.1

(a) Carbon permit income

Carbon permit income arises from New Zealand Government's Emissions Trading Schemes (ETS). Emission unit permits (EU), granted on a calendar year, are recorded as intangible assets at their fair value with a corresponding entry to deferred income. Income is recognised based on the production outputs. As at 30 June 2022 the balance of deferred income is \$76.5M (June 2021: \$29.2M).

4 Income tax

(a) Income tax expense

		Consolidated	
	Note	2022 \$M	2021 \$M
Current tax		493.8	129.9
Deferred tax		317.8	244.7
Net investment in foreign operations	19(a)	(3.5)	12.1
Adjustments for current tax of prior periods		(1.4)	1.4
		806.7	388.1
Income tax expense is attributable to:			
Continuing operations		806.7	388.1
Discontinued operations		-	-
Total income tax expense		806.7	388.1

4 Income tax (continued)

(b) Effective tax rate

	Consolidated	
	2022 \$M	2021 \$M
Profit from continuing operations before income tax expense	3,786.7	1,685.6
Profit from discontinuing operations before income tax expense	3.0	10.0
	3,789.7	1,695.6
Less: Share of net profits of associates and joint venture partnerships	(30.1)	(25.2)
	3,759.6	1,670.4
Total income tax expense	806.7	388.1
Effective tax rate	21.5%	23.2%

The Group's effective tax rate is lower than the Australian 30% statutory tax rate primarily due to lower tax rates in North America and Asia and New Zealand's utilisation of unrecognised tax losses during the year, timing differences and the recognition of the remaining tax losses.

(c) Reconciliation of income tax expense to prima facie tax payable

	Note	Consolidated	
		2022 \$M	2021 \$M
Profit from continuing operations before income tax expense		3,786.7	1,685.6
Profit from discontinuing operations before income tax expense		3.0	10.0
		3,789.7	1,695.6
Tax at the Australian tax rate of 30.0% (2021 - 30.0%)		1,136.9	508.7
Tax effect of amounts which are not deductible/(taxable):			
Manufacturing credits		(2.0)	-
Research and development incentive		(2.7)	(2.3)
Withholding tax		11.7	14.7
Non-taxable gains		(49.0)	(32.9)
Share of net profits of associates and joint ventures		(7.4)	(6.7)
Sundry items		2.6	13.8
		1,090.1	495.3
Difference in overseas tax rates		(202.2)	(87.6)
Adjustments for current tax of prior periods		(1.4)	1.4
Temporary differences and tax losses not recognised		2.5	2.0
Previously unrecognised tax losses now recouped		(54.4)	(24.4)
Tax losses now recognised	4(e)	(27.9)	-
Deferred tax assets derecognised		-	1.4
Income tax expense		806.7	388.1

(d) Deferred tax assets (DTA) and liabilities (DTL)

	DTA 2022 \$M	Consolidated	DTL 2022 \$M	2021 \$M
The balance comprises temporary differences attributable to:				
Employee benefits provision	45.2	175.1	(156.5)	(15.6)
Other provisions	6.1	24.7	(35.4)	(11.3)
Property, plant and equipment	(2.6)	(244.2)	531.7	157.0
Foreign exchange (gains) losses	0.1	(9.6)	19.1	-
Intangible assets	(7.2)	(6.6)	105.4	96.3
Inventory	27.5	6.7	45.1	25.5
Tax losses	50.7	252.9	(11.5)	(4.6)
Other	2.9	5.3	36.0	11.3
	122.7	204.3	533.9	258.6

4 Income tax (continued)

	Note	2022 \$M	Consolidated		2021 \$M
			DTA	2022 \$M	
Movements:					
Opening balance at 1 July		204.3		413.2	258.6
Charged/(credited):					
Charged (credited) to profit or loss		(65.6)		(139.3)	252.2
Charged (credited) to other comprehensive income		(16.2)		(67.4)	(0.2)
Business acquisitions	21(a)	0.8		-	(3.0)
Exchange fluctuation		(0.6)		(2.2)	26.3
Closing balance at 30 June		122.7		204.3	533.9
					258.6

(e) Tax losses

	Consolidated	
	2022 \$M	2021 \$M
Unused tax losses for which no deferred tax asset has been recognised	16.6	209.1
Potential tax benefit	4.2	57.6

At 30 June 2022, New Zealand Steel fully recognised tax losses of \$99.6M (\$27.9M tax effected) which are expected to be utilised in the next few years due to improved business performance. The unused tax losses balance relates to China entities for tax losses which expire within 5 years of being incurred.

(f) Unrecognised temporary differences

	Consolidated	
	2022 \$M	2021 \$M
Temporary difference relating to investment in subsidiaries for which deferred tax liabilities have not been recognised	176.0	145.2
Tax effect of the above unrecognised temporary differences	18.0	14.6

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

Unrecognised deferred tax assets for the Group totalling \$130.9M (2021: \$193.8M) in respect of temporary differences have not been recognised as they are not probable of realisation.

(g) Recognition and measurement

Current taxes

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

4 Income tax (continued)

Deferred taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than from a business combination or the adoption of a new accounting standard, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Offsetting deferred tax balances

Deferred tax assets and liabilities are offset when deferred tax balances relate to the same taxation authority and there is a legally enforceable right to offset current tax assets and liabilities.

(h) Key judgements and estimates

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, these differences will impact the current and deferred tax provisions in the period in which the determination is made.

In addition, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future forecast taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the relevant tax legislation associated with their recoupment.

New Zealand Steel has recognised a \$79.6M deferred tax asset at 30 June 2022 (2021: \$61.9M). The utilisation of the deferred tax asset amount depends upon future taxable amounts in excess of profits arising from the reversal of temporary differences. The Group believes these amounts to be recoverable based on taxable income projections.

5 Earnings per share

	Consolidated			
	Basic	2021	Diluted	2021
	2022	Cents	2022	Cents
Continuing operations	570.9	234.9	566.5	232.8
Discontinued operations	0.6	2.1	0.6	2.1
Earnings per share	571.5	237.0	567.1	234.9

(a) Earnings used in calculating earnings per share

	Consolidated	
	2022	2021
	\$M	\$M
Profit used in calculating basic earnings per share:		
Continuing operations	2,807.0	1,183.1
Discontinued operations	3.1	10.2
	2,810.1	1,193.3

5 Earnings per share (continued)

(b) Weighted average number of shares used as denominator

	Consolidated	
	2022	2021
	Number	Number
Weighted average number of ordinary shares (Basic)	491,677,368	503,591,216
Weighted average number of share rights	3,787,061	4,552,907
Weighted average number of ordinary and potential ordinary shares (Diluted)	495,464,429	508,144,123

(c) Calculation of earnings per share

(i) Basic earnings (loss) per share

Calculated as net profit (loss) attributable to the ordinary equity holders of the Company divided by the weighted average number of ordinary shares outstanding during the period.

(ii) Diluted earnings (loss) per share

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

WORKING CAPITAL AND PROVISIONS

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

6 Trade and other receivables

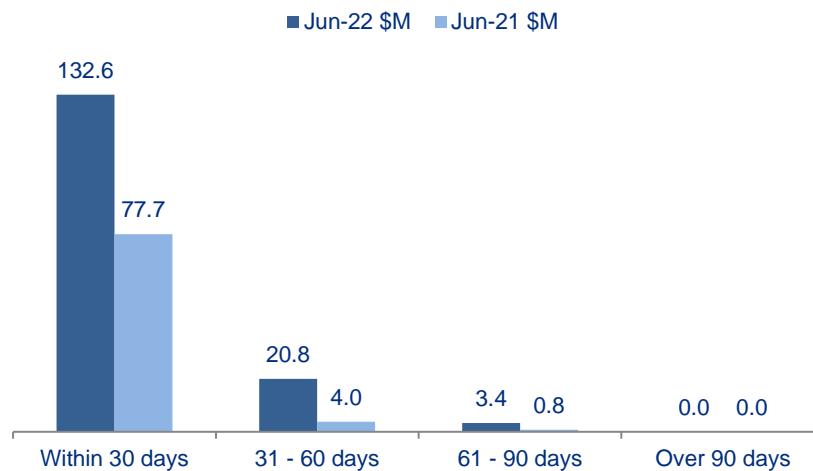
	Notes	Consolidated				
		2022	2021	Current \$M	Non- current \$M	Current \$M
Trade receivables		2,017.5		-		1,522.5
Provision for impairment of trade receivables	6(a)	(26.6)		-		(25.4)
		1,990.9		-		1,497.1
Workers compensation receivables	10(g)	-	28.9		-	32.7
Sale of receivables	6(c)	65.8		-		51.5
Other receivables		77.7	9.8			60.7
Provision for impairment of sundry receivables	6(a)	-		-		(0.1)
		143.5	38.7			112.1
		2,134.4	38.7			42.0
						1,609.2

(a) Provision for impairment of trade and other receivables

	Consolidated	
	2022	2021
	\$M	\$M
At 1 July	25.5	24.4
Additional provision recognised	7.4	12.1
Amounts used during the period	(3.6)	(4.2)
Unutilised provision written back	(3.8)	(6.0)
Exchange fluctuations	1.1	(0.8)
	26.6	25.5

6 Trade and other receivables (continued)

(b) Past due but not impaired



None of the non-current receivables are impaired or past due.

(c) Transferred financial assets that are derecognised

The Group has receivables securitisation programs totalling \$393.6M (2021: \$389.9M). The facilities mature in September 2022 (\$43.6M) and December 2023 (\$350.0M). These programs involve the sale of relevant trade receivables across Australian Steel Products, New Zealand Steel and North Star BlueScope Steel. The business acts as a servicer under the programs and continues to collect cash from its customers for which a fee is received.

The receivables securitisation programs qualify for derecognition of trade receivables in their entirety, when the contractual rights to the cash flows from the trade receivables have expired or are transferred. The Group maintains a continuing involvement in the de-recognised financial assets by virtue of reserving requirements under the programs. The maximum exposure to loss for the Group from its continuing involvement is \$65.8M which is determined by the amount of reserves funded by BlueScope, less customer collections during the month. Interest income and service fee earned on this financial asset was \$8.8M (2021: \$5.0M). Total costs from selling the receivables and running the programs were \$24.0M (2021: \$15.9M), recorded within other expenses in the statement of comprehensive income.

In the event bad or doubtful debts exceed a specified limit, the Group will have to recognise the trade receivables on the balance sheet. Under these securitisation programs, the program provider is exposed to the first loss and to qualify for derecognition bad or doubtful debts must not exceed the first loss limit. Current experience and bad debt history is below this level. In the event this limit is exceeded, the Group would have to recognise the trade receivable on the balance sheet with the program recorded as borrowings. The carrying amount of trade receivables de-recognised as at 30 June 2022 is \$397.1M (2021: \$393.7M) which is reflected by a decrease in trade receivables of \$189.5M (2021: \$148.9M), an increase in sundry payables of \$273.4M (2021: \$296.3M) offset by a \$65.8M (2021: \$51.5M) increase in sundry receivables which approximates fair value.

(d) Recognition and measurement

Trade receivables are held with the objective to collect contractual cash flows representing 'solely payment of principal and interest' on the principal amount outstanding. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 to 90 days.

Impairment of trade receivables and contract assets

Debts which are known to be uncollectible are written off when identified. A provision for impairment is recognised when there is objective evidence that amounts due may not be received. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to current receivables are not discounted if the effect of discounting is immaterial.

6 Trade and other receivables (continued)

In addition, a provision for impairment is recognised using a forward looking expected credit loss (ECL) approach.

ECL's are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. For contract assets and trade and other receivables, the Group has applied the standard's simplified approach and has calculated the ECL's based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for any forward-looking factors specific to the debtors and the economic environment.

7 Inventories

	Consolidated			
	2022	Non-current	2021	Non-current
	Current \$M	\$M	Current \$M	\$M
At lower of cost and net realisable value:				
Raw materials and stores	1,299.9	-	818.0	-
Work in progress	947.8	-	624.2	-
Finished goods	1,244.3	-	756.9	-
Spares and other	207.0	68.7	119.1	61.6
	3,699.0	68.7	2,318.2	61.6

(a) Inventory expense / write-back

During the year, \$30.7M (2021: \$27.9M write-back) was recognised as an expense for inventories carried at net realisable value. The expense has been included in 'raw materials and consumables used' in the profit and loss.

(b) Recognition and measurement

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw materials. Costs are assigned to inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to sell.

8 Operating intangible assets

	Consolidated			
	2022	Non-current	2021	Non-current
	Current \$M	\$M	Current \$M	\$M
Emission unit (EU) permits - not held for trading (i)	79.5	172.9	41.0	106.2
Energy certificates - not held for trading (ii)	3.2	-	4.6	-
	82.7	172.9	45.6	106.2

(a) Recognition and measurement

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

(ii) Energy certificates represent acquired permits in the Australian Steel Products segment generated from the Finley NSW solar farm as part of the Solar PPA agreement (refer to note 32(d)(iv)) and various local state schemes. Energy certificates which are not held for trading are classified as intangible assets and are carried at cost.

9 Trade and other payables

	Note	Consolidated			
		2022	Non-current \$M	2021	Non-current \$M
Trade payables		2,151.2	-	1,735.7	-
Sale of receivables	6(c)	273.4	-	296.3	-
Other payables		252.9	37.0	153.8	50.0
		2,677.5	37.0	2,185.8	50.0

(a) Recognition and measurement

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 62 days of recognition.

10 Provisions

	Note	Consolidated			
		2022	Non-current \$M	2021	Non-current \$M
Annual leave (d) (i)		112.5	-	94.8	-
Long service leave (d) (i)		127.7	14.0	137.3	13.3
Redundancy (d) (ii)		3.2	-	3.8	-
Other employee benefits (d) (iii)		460.7	22.1	244.8	10.9
Restructure (e)		8.2	5.4	3.3	8.3
Product claims (f)		19.2	30.7	14.1	27.2
Workers compensation (g)		15.6	78.7	12.3	86.1
Restoration and rehabilitation (h)		1.6	33.7	1.9	34.9
Carbon emissions (i)		31.2	-	22.1	-
Other provisions		7.8	1.5	14.6	4.3
Total provisions		787.7	186.1	549.0	185.0

(a) Movements in provisions

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

Consolidated - 2022 (\$M)		Restructure	Product claims	Workers compensation	Restoration and rehabilitation	Carbon emissions
Current and non-current	Note					
Carrying amount at start of the year		11.6	41.3	98.4	36.8	22.1
Additional provisions recognised		3.8	19.0	19.6	0.8	59.4
Unutilised provisions written back		(0.5)	(4.8)	(8.3)	(0.4)	-
Amounts used during the period		(1.5)	(14.7)	(16.8)	(1.5)	(48.0)
Business acquisitions	21(a)	-	6.2	-	-	-
Exchange fluctuations		0.1	2.9	0.6	(0.1)	(2.3)
Asset additions		-	-	-	(0.3)	-
Unwinding of discount		0.1	-	0.8	-	-
Carrying amount end of year		13.6	49.9	94.3	35.3	31.2

(b) Recognition and measurement

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

10 Provisions (continued)

(c) Key judgements and estimates

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

(d) Employee benefits

(i) Annual leave and long service leave

The liability for annual leave and long service leave expected to be settled after 12 months is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on high quality corporate bonds other than New Zealand where Government bonds are used, with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

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

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service. The entire annual leave amount and vested portion of long service leave are presented as current. Since the Group does not have an unconditional right to defer settlement, based on past experience, the Group does not expect all employees to take the full amount of accrued annual leave and long service leave or require payment within the next 12 months. Current annual leave and long service leave obligation expected to be settled after 12 months is \$150.8M (2021: \$152.7M).

(ii) Termination benefits

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

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

(iii) Short Term Incentive plans (STI)

The Group recognises a liability and an expense for STI plan payments made to employees. The Group recognises a provision where past practice and current performance indicates that a probable constructive obligation exists.

(e) Restructuring costs

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

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

(f) Product claims

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

(g) Workers compensation

In Australia and North America, the Company is a registered self-insurer for workers compensation. Provisions are recognised based on calculations performed by an external actuary in relation to the expectation of future events. A contingent liability exists in relation to guarantees given to various state workers compensation authorities, due to self-insurance prerequisites (refer to note 26(a)).

10 Provisions (continued)

For the Group, an actuarially determined asset of \$28.9M (2021: \$32.7M) has been recognised for expected future reimbursements associated with workers compensation recoveries from third parties. This amount is included in non-current other receivables (refer to note 6) as there is no legal right offset against the workers compensation provision.

(h) Restoration and rehabilitation

Restoration and rehabilitation provisions includes \$5.1M (2021: \$5.5M) for New Zealand Steel in relation to its operation of its iron sands mine in Waikato North Head. The provision has been classified as non-current as the timing of payments to remedy the site will not be made until cessation of operation which is not expected for many years.

The balance of the provision relates to leased sites that require rectification and restoration work at the end of their respective lease periods, primarily within the Australian Steel Products Segment for \$28.1M (2021: \$29.7M).

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

(i) Carbon emissions

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

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

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

11 Retirement benefit obligations

(a) Defined contribution plans

The Group makes superannuation contributions to defined contribution funds in respect of the entity's employees located in Australia and other countries. As at 30 June 2022, the defined contribution expense recognised in the profit and loss amounted to \$106.8M (2021: \$101.6M).

The defined contribution plans receive fixed contributions from Group companies with the Group's legal obligation limited to these contributions. Contributions to defined contribution funds are recognised as an expense as they become payable.

(b) Defined benefit plans

Country	Fund type	Description
New Zealand	Pension Fund and Retirement Savings Plan (closed to new participants)	New Zealand employees are members of the New Zealand Steel Pension Fund.
North America ⁽¹⁾	Pension Plan (closed to new participants)	US Coil Coaters employees are members of the Cambridge Pension Pan.

Defined benefit funds provide defined lump sum benefits based on years of service and final or average salary. Actuarial assessments of the defined benefit funds are made at no more than three-yearly intervals, with summary assessments performed annually. The last formal actuarial assessments was made of the New Zealand Steel Pension Fund as at 30 June 2021.

⁽¹⁾ A \$6.7M North America Retirement benefit asset was acquired as part of the Coil Coatings business acquisition on 28 June 2022 (refer to Note 21(a)(ii)).

11 Retirement benefit obligations (continued)

(c) Statement of financial position amounts

	Consolidated	
	2022 \$M	2021 \$M
Present value of the defined benefit obligation	(283.1)	(667.4)
Fair value of defined benefit plan assets	234.6	471.1
Net (liability) in the statement of financial position	(48.5)	(196.3)

(d) Defined benefit fund to which BlueScope Steel employees belong

New Zealand Pension Fund	2022 \$M	2021 \$M
Present value of the defined benefit obligation	(283.1)	(667.4)
Fair value of defined benefit plan assets	234.6	471.1
Net (liability) in the statement of financial position	(48.5)	(196.3)
Defined benefit expense	10.0	12.8
Net settlement gain ⁽¹⁾	36.8	-
Employer contribution	88.3	14.1
Average duration of defined benefit plan obligation (years)	12.5	13.9
<i>Significant actuarial assumptions</i>		%
Discount rate (gross of tax)	4.1	2.4
Future salary increases	2.0	2.0

The net liability is not immediately payable. Any plan surplus will be realised through reduced future Group contributions.

⁽¹⁾ During the period, the New Zealand Steel Pension Fund offered a lump-sum payment to the fund pensioner members with a separate lump-sum offer made to current employees of the fund. There was a 54% acceptance by number of pensioners which resulted in a NZ\$174.3M payout of their actuarially determined benefits from the fund assets. The employee offer received 36% acceptance resulting in a NZ\$64.0M benefit payment.

The settlements resulted in a net NZ\$38.0M gain, with a NZ\$53.8M gain on the pensioner settlement and a NZ\$15.8M loss on the employee settlement, inclusive of 33% fund contributions tax. The pensioner settlement did not result in a settlement gain in the fund itself, as the benefit payments made were equal to the pensioners entitlements. This accounting gain arises because the AASB 119 Employee Benefits accounting liability is higher than the benefit payments made as the accounting liability is required to be discounted at the New Zealand Government bond rate which is lower than the expected return on the fund's assets. The employee settlement resulted in a loss in the fund, which needed to be made good through additional company contributions, as the payment was required to be based on the higher vested benefit while the funding position is based on accrued benefits.

An additional NZ\$60.0M cash contribution has been paid by the company to the fund during the period with another NZ\$24.7M contribution, accrued at 30 June 2022, paid in July and August 2022. These contributions were necessary in order to execute the lump-sum payments.

(e) Categories of plan assets

	Consolidated	
	2022 \$M	2021 \$M
Cash	15.4	4.9
Equity instruments	105.4	245.1
Debt instruments	86.1	174.1
Property	27.7	47.0
	234.6	471.1

11 Retirement benefit obligations (continued)

(f) Actuarial assumptions and sensitivity

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption \$M	Decrease in assumption \$M
Discount rate	+/-1%	(44.8)	49.4
Salary growth rate	+/-1%	6.1	(5.8)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions for the year ended 30 June 2022.

(g) Reconciliations

	Consolidated			
	Plan assets	Defined benefit obligation	2022	2021
	2022 \$M	2021 \$M	2022 \$M	2021 \$M
Balance at the beginning of the year	471.1	864.9	667.4	1,304.6
Current service cost	-	-	6.1	9.0
Interest income (net of tax paid)	2.1	7.3	-	-
Interest cost	-	-	2.7	8.5
Actuarial losses (gains) arising from changes in demographic assumptions	-	-	-	4.8
Actuarial losses (gains) arising from changes in financial assumptions	(28.7)	63.9	(60.7)	(149.7)
Foreign currency exchange rate changes	(5.0)	(44.8)	(5.7)	(48.9)
Benefits paid	(41.4)	(39.0)	(41.4)	(39.0)
Contributions by the Group	88.3	13.9	-	-
Tax on employer contributions	(29.1)	(4.6)	-	(0.4)
Contributions by plan participants	1.2	1.4	-	-
Settlements	(223.4)	(124.6)	(223.4)	(124.6)
Settlements - plan closure	-	(266.2)	-	(269.3)
Plan expenses	(0.5)	(1.1)	-	-
Other - contribution tax movement	-	-	(25.1)	-
Net gain on settlement - New Zealand	-	-	(36.8)	-
Gain on curtailment - North America ⁽¹⁾	-	-	-	(27.6)
Balance at the end of the year	234.6	471.1	283.1	667.4

⁽¹⁾ The North American retirement plan closed in March 2021, resulting in a \$27.6M (US \$20.0M) gain on transfer of the net defined benefit plan liability.

(h) Amounts recognised in profit or loss

	Consolidated	
	2022 \$M	2021 \$M
Current service cost	6.1	9.0
Contributions by plan participants	(1.2)	(1.4)
Net interest	0.5	1.2
Plan expenses	0.5	1.1
Allowance for contributions tax	4.1	4.2
Net gain on settlement - New Zealand	(36.8)	-
Gain loss on curtailment - North America	-	(27.6)
Total included in employee benefits expense	(26.8)	(13.5)
Actual return on plan assets	(20.3)	70.0

11 Retirement benefit obligations (continued)

(i) Amounts recognised in other comprehensive income

	Consolidated	
	2022	2021
	\$M	\$M
Actuarial gains recognised in other comprehensive income - DB plans	32.0	208.8
Actuarial (losses) recognised in other comprehensive income - retirement plans	(1.1)	-
Total actuarial gains recognised in other comprehensive income during the year	30.9	208.8
Cumulative actuarial (losses) recognised in other comprehensive income on active plans	(109.2)	(140.1)

(j) Employer contributions

Employer contributions to the defined benefit section of the Group's plans are based on recommendations by the plan's actuaries. The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable.

Total employer contributions expected to be paid for the year ending 30 June 2023 are \$6.8M.

(k) Recognition and measurement

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

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

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

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

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

INVESTED CAPITAL

This section of the notes provides further information about property, plant and equipment, non-current intangibles assets and carrying amount of these non-financial assets, including accounting policies, key judgements and estimates relevant to understanding these items.

12 Property, plant and equipment

	Notes	Land and Buildings \$M	Plant, machinery & equipment \$M	Total \$M
Year ended 30 June 2022				
Opening net book amount		765.0	3,756.9	4,521.9
Additions		46.7	705.5	752.2
Business acquisitions	21(a)	121.4	101.7	223.1
Depreciation charge		(44.2)	(360.0)	(404.2)
Disposals		(0.4)	(2.9)	(3.3)
Impairment write-back (charge)	14(f)	(3.4)	43.2	39.8
Asset reclassifications		10.0	(10.0)	-
Asset reclassifications to ROU Make-Good asset		(5.2)	-	(5.2)
Asset reclassifications to computer software		-	(49.4)	(49.4)
Exchange fluctuations		37.0	154.9	191.9
Closing net book amount		926.9	4,339.9	5,266.8
At 30 June 2022				
Cost		1,837.2	12,976.0	14,813.2
Accumulated depreciation and impairment		(910.3)	(8,636.1)	(9,546.4)
Net book amount		926.9	4,339.9	5,266.8
Assets under construction included above:		9.8	825.0	834.8
 Year ended 30 June 2021				
Opening net book amount		802.6	3,372.7	4,175.3
Additions		28.7	833.4	862.1
Depreciation charge		(40.8)	(311.4)	(352.2)
Disposals		(1.3)	(4.9)	(6.2)
Asset reclassifications		9.3	(9.3)	-
Asset reclassifications to computer software		-	(4.4)	(4.4)
Assets reclassified to held-for-sale	12(a)	9.0	-	9.0
Exchange fluctuations		(42.5)	(119.2)	(161.7)
Closing net book amount		765.0	3,756.9	4,521.9
 At 30 June 2021				
Cost		1,612.7	12,132.0	13,744.7
Accumulated depreciation and impairment		(847.7)	(8,375.1)	(9,222.8)
Net book amount		765.0	3,756.9	4,521.9
Assets under construction included above:		4.8	998.9	1,003.7

(a) Sale and disposal of property, plant and equipment

	Consolidated	
	2022 \$M	2021 \$M
Net gain (loss) on sale and disposal of property, plant and equipment	(1.0)	10.0

Prior period includes a \$12.8M gain in Pacific Steel New Zealand relating to an asset swap arrangement.

12 Property, plant and equipment (continued)

(b) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Consolidated	
	2022 \$M	2021 \$M
Property, plant and equipment		
Payable:		
Within one year	294.4	257.8
Later than one year but not later than five years	25.4	-
Total capital commitments	319.8	257.8

(c) Recognition and measurement

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

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

Depreciation

Property, plant and equipment is depreciated on a straight-line basis over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term, unless there is reasonable certainty that the Group will obtain ownership at the end of the lease term.

The useful lives of major categories of property, plant and equipment are as follows:

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

Derecognition

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

(d) Key estimates

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

13 Intangible assets

Consolidated	Note	Goodwill \$M	Patents, trademarks and other rights \$M	Computer software \$M	Customer relations- ships \$M	Other intangible assets \$M	Total \$M
Year 30 June 2022							
Opening net book amount		1,183.4	4.4	76.4	253.8	26.1	1,544.1
Additions		-	-	18.1	-	-	18.1
Business acquisitions	21(c)	702.3	-	-	25.4	9.6	737.3
Amortisation charge		-	(0.4)	(16.3)	(30.7)	(3.6)	(51.0)
Reclassifications from PP&E		-	-	49.4	-	-	49.4
Exchange fluctuations		128.0	0.4	4.5	22.8	(0.1)	155.6
Closing net book amount		2,013.7	4.4	132.1	271.3	32.0	2,453.5
At 30 June 2022							
Cost		2,532.8	22.9	460.9	549.5	50.6	3,616.7
Accumulated amortisation and impairment		(519.1)	(18.5)	(328.8)	(278.2)	(18.6)	(1,163.2)
Net book amount		2,013.7	4.4	132.1	271.3	32.0	2,453.5
Consolidated		Goodwill \$M	Patents, trademarks and other rights \$M	Computer software \$M	Customer relations- ships \$M	Other intangible assets \$M	Total \$M
Year 30 June 2021							
Opening net book amount		1,293.6	5.1	86.1	308.5	28.2	1,721.5
Additions		-	-	6.9	-	-	6.9
Amortisation charge		-	(0.3)	(16.0)	(28.5)	(1.7)	(46.5)
Reclassifications from PP&E		-	-	4.4	-	-	4.4
Exchange fluctuations		(110.2)	(0.4)	(5.0)	(26.2)	(0.4)	(142.2)
Closing net book amount		1,183.4	4.4	76.4	253.8	26.1	1,544.1
At 30 June 2021							
Cost		1,696.8	21.2	393.2	480.5	41.3	2,633.0
Accumulated amortisation and impairment		(513.4)	(16.8)	(316.8)	(226.7)	(15.2)	(1,088.9)
Net book amount		1,183.4	4.4	76.4	253.8	26.1	1,544.1

(a) Recognition and measurement

(i) Goodwill

Goodwill represents the excess of the cost to purchase a business less the fair market value of the tangible assets, identifiable intangible assets and the liabilities obtained in the purchase. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

(ii) Intangible assets

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

Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. Intangible assets with finite lives are amortised on a straight line basis over their useful life. The amortisation period and method is reviewed at each financial year end.

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

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

13 Intangible assets (continued)

(iii) Research and development

Research expenditure is recognised as an expense as incurred. For the year ended 30 June 2022, \$26.6M (2021: \$24.6M) was recognised for research and development expenditure within other expenses in the statement of comprehensive income. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably.

14 Carrying value of non-financial assets

(a) Recognition and measurement

The Group tests property, plant and equipment (note 12), right-of-use assets (note 17) and intangible assets with definite useful lives (note 13) when there is an indicator of impairment. Goodwill and other intangible assets with indefinite useful lives are tested at least annually for any impairment.

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

(b) Allocation of goodwill and intangible assets with indefinite useful lives to cash generating units

Goodwill is allocated to the Group's cash generating units (CGUs) for impairment testing purposes as follows:

Cash generating units	Reportable segments	2022 \$M	2021 \$M
Building Products North America	Building Products Asia and North America	4.0	3.7
Buildings North America	Buildings and Coated Products North America	318.3	291.3
Coil Coaters North America ⁽¹⁾	Buildings and Coated Products North America	557.9	-
North Star BlueScope Steel	North Star BlueScope Steel	1,130.2	885.1
Buildings China	Building Products Asia and North America	3.3	3.3
Total goodwill		2,013.7	1,183.4

⁽¹⁾ The goodwill recognised on acquisition of Coil Coaters North America is provisional and is expected to be finalised in 1H FY2023 (refer note 21(a)).

The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. In addition to goodwill, the Group has other intangible assets with indefinite useful lives of \$4.2M (2021: \$3.9M) allocated to the Buildings North America CGU which primarily relates to the Varco Pruden trade names acquired in February 2008. All of the above CGUs were tested for impairment at the reporting date.

(c) Key assumptions and estimates

The recoverable amount of each CGU is determined on the basis of value-in-use (VIU), unless there is evidence to support a higher fair value less cost to sell. BlueScope operates in markets which are impacted by economic cycles and short-term volatility.

The global economy, and in particular North America, Australia and New Zealand, recovered faster and stronger than anticipated from the initial impact of the COVID-19 pandemic with favourable macroeconomic conditions and demand for steel products in FY2022. However, challenges arising from the pandemic have persisted and are expected to continue for some time, including operational continuity risks associated with maintaining pandemic safe work practices and disruptions to logistics and our supply chains.

The price, cost and demand for BlueScope's products are uncertain and the Company considers a range of recognised external forecasters when assessing possible future market conditions. These external forecasters expect commodity steel prices to have peaked in FY2022 and are forecasting them to decline to levels broadly in line with historical long-term average by FY2026. In addition, demand for BlueScope's products is expected to moderate but remain relatively strong in Australia and New Zealand, continue to support full utilisation of pre-existing steelmaking capacity in North America (together with a ramp-up in capacity from the North Star expansion project over the next two years) and continue to grow from the FY2022 levels in Asia over the next three years.

14 Carrying value of non-financial assets (continued)

The following table describes assumptions on which the Group has based its projections when determining the recoverable amount of each CGU.

Key assumptions	Basis of estimation
Future cash flows	<ul style="list-style-type: none"> VIU calculations use post-tax cash flows, inclusive of working capital movements which are based on financial projections approved by the Group covering a three year period and specific tax rate applicable to where the CGU operates, being the basis of the Group's forecasting and planning processes, or up to five years where circumstances pertaining to a specific CGU support a longer period. Cash flows beyond the projection period are extrapolated to provide a maximum of 30 years of cash flows with adjustments where necessary to reflect changes in long-term operating conditions. No terminal value is calculated.
Growth rate	<ul style="list-style-type: none"> The growth rate used to extrapolate the cash flows for each CGU beyond the forecast period does not exceed 2.5% (2021: 2.5%). The growth rate represents a steady indexation rate which does not exceed the Group's expectations of the long-term average growth rate for the business in which each CGU operates.
Discount rate	<ul style="list-style-type: none"> The discount rate applied to the cash flow projections has been assessed to reflect the time value of money and the perceived risk profile of the industry in which each CGU operates. The base post-tax discount rates range from 8.0% to 9.5% (2021: 8.0% to 9.4%). Given the differing characteristics, currencies and geographical locations of the Group's CGUs, where appropriate the base discount rate is adjusted by a country risk premium (CRP) to reflect country specific risks. Such adjustments do not reflect risks for which cash flow forecasts have already been adjusted. The CRP is derived from a range of externally sourced foreign country risk ratings. All foreign currency cash flows are discounted using a discount rate appropriate for that currency.
Raw material costs	<ul style="list-style-type: none"> Based on commodity price forecasts derived from a range of external commodity forecasters.
Selling prices	<ul style="list-style-type: none"> Based on management forecasts, taking into account commodity steel price forecasts derived from a range of external commodity forecasters.
Sales volume	<ul style="list-style-type: none"> Based on management forecasts, taking into account external forecasts of underlying economic activity for the market sectors and geographies in which each CGU operates.
AUD:USD and NZD:USD	<ul style="list-style-type: none"> Based on forecasts derived from a range of external banks.
Climate related risks	<ul style="list-style-type: none"> BlueScope gives regard to climate change and other sustainability risks when determining the carrying value of each CGU. The Group has climate change action plans, greenhouse gas emission reduction targets for its steelmaking sites and environmental management, water stewardship and other sustainability initiatives. The Company reports these in its annual Sustainability Report, together with a Climate Action Report issued September 2021 (these are available on the Company's website). Operating and capital expenditure associated with these initiatives are, to the extent necessary, taken into account when determining the recoverable value of each CGU. Specifically regarding climate change and greenhouse gas emission reductions, the cashflows include estimates of the operation and capital expenditure required to achieve the Group's 2030 carbon reduction targets and address the probable physical impact of climate change on its operations. However, they do not include the operating and capital expenditure that may be required to achieve the Group's 2050 net zero emissions goals as it is uncertain. It requires emerging and breakthrough technology to be viable at commercial scale, access appropriate raw materials and affordable renewable energy sources, and public policy that supports decarbonisation. Where applicable, a cost of carbon net of assistance, in jurisdictions where legislation has been enacted, in particular in New Zealand, is taken into account based on a continuation of legislation as it is currently enacted and external forecasts.

(d) Cash generating units with significant goodwill

Buildings North America

Buildings North America is tested for impairment on a VIU basis using three year cash flow projections, followed by a long-term growth rate of 2.5% for a further 27 years. Post-tax VIU cash flows are discounted utilising a 8.0% post-tax discount rate (2021: 8.0%).

At 30 June 2022 the recoverable amount of this CGU is 1.4 times (2021: 1.3 times) the carrying amount of \$601.1M (2021: \$489.8M), including non-current assets and net working capital. This CGU is most sensitive to assumptions in relation to North American non-residential building and construction activity. Taking into account external forecasts the Group expects non-residential building and construction activity to marginally decrease in the longer term from FY2022 levels.

14 Carrying value of non-financial assets (continued)

However, non-residential building and construction activity in North America is uncertain. To illustrate the sensitivity of these assumptions, if they were to differ such that the expected cash flow forecasts for Buildings North America were to decrease by approximately 27% (2021: 23%) across the forecast period, without implementation of mitigation plans, the recoverable amount would be equal to the carrying amount.

North Star BlueScope Steel

North Star BlueScope is tested for impairment on a VIU basis using five year cash flow projections, followed by a long-term growth rate of 2.5% for a further 25 years. Post-tax VIU cash flows are discounted utilising post-tax discount rate of 9.5% (2021: 9.4%).

At 30 June 2022 the recoverable amount of the CGU is 2.3 times (2021: 4.0 times) the carrying amount of \$3,319.5M (2021: \$2,374.3M), including non-current assets and net working capital. This CGU is most sensitive to assumptions in relation to the spread between North American hot rolled coil and purchased scrap prices. Recognised external forecasters expect the spread to peak in FY2022 and are forecasting a return to be broadly in line with historical long-term average levels by FY2026. To illustrate the sensitivity of these assumptions, if they were to differ, such that the expected cash flow forecasts for North Star BlueScope Steel were to decrease by approximately 56% (2021: 76%) across the forecast period, without implementation of mitigation plans, the recoverable amount would be equal to the carrying amount.

(e) Sensitivity of carrying amounts

In addition to the GCU's with significant goodwill, the carrying value of property, plant and equipment of the Group is most sensitive to cash forecasts for Australian Steel Products (ASP) and New Zealand and Pacific Islands (NZPI), as they are exposed to global steel macroeconomic factors. The carrying amount of these CGUs are determined taking into account the key assumptions set out above.

For ASP, recognised external forecasters estimate the Australian dollar relative to the US dollar to strengthen in the long term relative to the year ended 30 June 2022 and estimate Asian commodity steel prices to decrease partly offset by lower iron ore and coking coal average costs relative to the year ended 30 June 2022. The Group believes that the long-term assumptions adopted are appropriate.

ASP is exposed to variable macroeconomic factors and domestic demand, and to illustrate the sensitivity of these assumptions, if they were to differ such that the expected cash flow forecasts were to decrease by approximately 34% (2021: 57%) across the forecast period, without implementation of mitigation plans, the recoverable amount would be equal to the carrying amount.

For NZPI, recognised external forecasters estimate the New Zealand dollar relative to the US dollar to strengthen in the long term relative to the year ended 30 June 2022 and estimate global commodity steel prices to decrease relative to the year ended 30 June 2022 in the longer term. The Group believes that the long term assumptions adopted are appropriate.

NZPI recognised partial impairment of its non-financial assets in FY2016 and FY2020 and as at 30 June 2022 has approximately \$180M available to be reversed. NZPI is exposed to variable global macroeconomic factors such as commodity steel prices and exchange rates, together with regional New Zealand factors such as domestic demand and energy costs, which impact its cash flows. While the CGU has delivered cash flows over the last two years which, if such cash flows were to continue, could support a reversal, after taking into account the variable historical earnings performance of the CGU through the economic cycle and the range of possible long-term forecast scenarios, the Company has determined that the recoverable value is consistent with the current carrying value.

(f) Recognised net impairment (write-back)

Cash generating units	2022 \$M	2021 \$M	Discount rates 2022 (%)	2021 (%)
Building Products Thailand net impairment write-back (i)	(38.6)	-	10.1	-

(i) As at 30 June 2022, Building Products Thailand (a CGU within Building Products Asia and North America) recognised \$46.0M of impairment write-back against property, plant and equipment offset by \$7.4M of impairment charge recognised in Lysaght Myanmar upon management's decision to close the business. The write-back reflects a full reversal of impairment charges available to be written-back from a 30 June 2019 impairment of this CGU and reflects stronger than expected growth in sales volumes, mainly in the retail and manufacturing sectors, and stronger margins in the last two years which are expected to be sustained. The recoverable amount of this CGU, using the value-in-use method and a post-tax discount rate of 10.1%, is \$748M (2021: \$605M, 10.2%).

CAPITAL STRUCTURE AND FINANCING ACTIVITIES

This section of the notes provides further information about the Group's cash, borrowings, contributed equity, reserves and dividends, including accounting policies relevant to understanding these items.

15 Cash and cash equivalents

	Consolidated	
	2022 \$M	2021 \$M
Cash at bank and on hand	1,680.7	1,960.2
Deposits at call	2.0	1.7
	1,682.7	1,961.9
Bank overdrafts	(7.6)	(0.8)
Balance per statement of cash flows	1,675.1	1,961.1

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated	
	2022 \$M	2021 \$M
Profit for the year	2,983.0	1,307.5
Depreciation and amortisation	549.5	487.8
Impairment (write-back) of non-current assets	(38.6)	-
Non-cash employee benefits expense - share-based payments	20.6	22.5
Net (gain) on disposal of non-current assets	(4.2)	(10.0)
Share of net profits of associates and joint venture partnership	(30.1)	(25.2)
Associate and joint venture partnership dividends received	0.5	-
Change in operating assets and liabilities:		
Decrease (increase) in trade receivables	(400.2)	(547.7)
Decrease (increase) in other receivables	(68.5)	(46.4)
Decrease (increase) in other operating assets	(123.0)	(79.6)
Decrease (increase) in inventories	(1,223.3)	(449.7)
Increase (decrease) in trade payables	293.0	445.3
Increase (decrease) in other payables	(19.9)	2.9
Increase (decrease) in borrowing costs payable	1.1	3.0
Increase (decrease) in income taxes payable	71.4	60.5
Increase (decrease) in deferred tax balances	317.4	258.9
Increase (decrease) in other provisions and liabilities	187.1	206.4
Movement in Treasury shares	(28.8)	-
Cash settlement of vested equity awards	(28.8)	-
Other variations	13.8	22.0
Net cash inflow from operating activities	2,472.0	1,658.2

(b) Recognition and measurement

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

16 Borrowings

	Consolidated			
	2022	Non-current \$M	2021	Non-current \$M
	Current \$M	Current \$M	Current \$M	Current \$M
Secured				
Other loans	-	-	8.2	-
Total secured borrowings	-	-	8.2	-
Unsecured				
Bank loans	168.9	168.9	66.9	153.2
Other loans	436.2	-	-	399.3
Bank overdrafts	7.6	-	0.8	-
Deferred borrowing costs	(2.1)	(2.3)	(2.2)	(3.7)
Total unsecured borrowings	610.6	166.6	65.5	548.8
Total borrowings	610.6	166.6	73.7	548.8

(a) Reconciliation of borrowings arising from financing activities

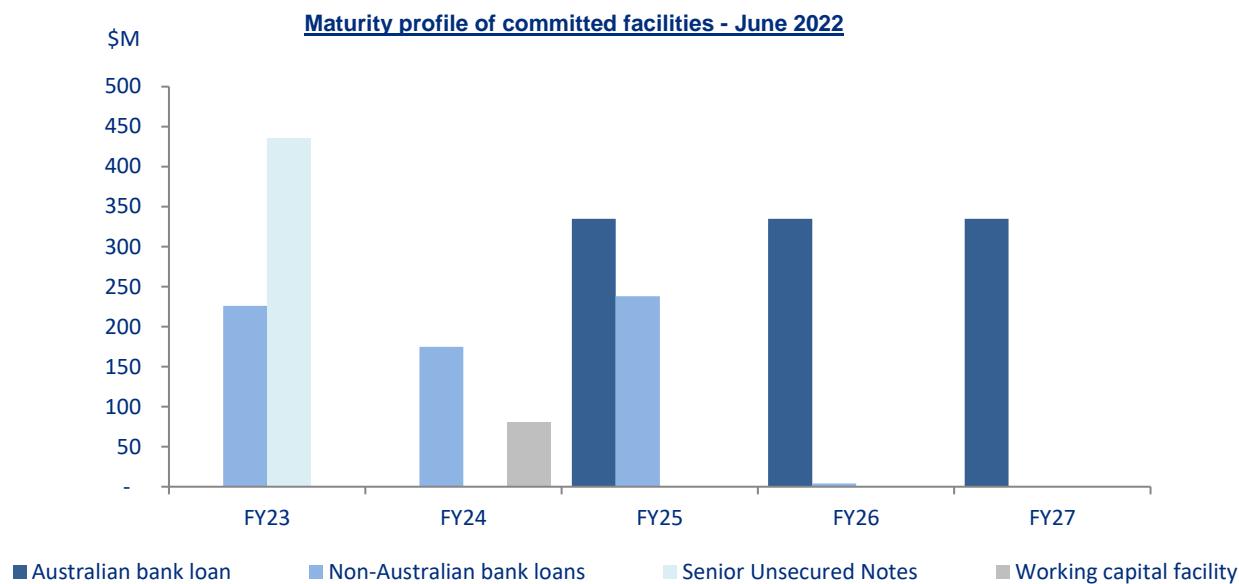
	Consolidated	
	2022 \$M	2021 \$M
Balance at the beginning of the year	621.7	784.0
Cash flows	100.6	(96.5)
Non-cash changes		
Borrowing costs capitalised	1.5	3.1
Foreign Exchange differences	45.8	(68.9)
Balance at the end of the year (excluding bank overdrafts)	769.6	621.7

(b) Financing arrangements

Financing facilities available	Description
Australian bank loan	<ul style="list-style-type: none"> Series of bilateral revolving facilities, totalling \$1,005M. Maturities are split across July 2024, July 2025 and July 2026. The facility is currently undrawn.
Non-Australian bank loans	<ul style="list-style-type: none"> Six facilities totalling THB 3,250M (\$134M), maturing January 2023 to December 2025, available for NS BlueScope Steel (Thailand) Ltd cash requirements. Four facilities totalling MYR 328M (\$108M), maturing March 2023 to October 2024, to support working capital and other short-term cash requirements for NS BlueScope Steel (Malaysia) Sdn Bhd. One US\$25M (\$36M) term facility maturing March 2025, available for NS BlueScope Steel (Indonesia) cash requirements. Two US\$100M revolving facilities maturing October 2023 and October 2024 for NS BlueScope Coated Products joint venture. One US\$50M term facility maturing August 2022 for NS BlueScope Coated Products joint venture.
Senior Unsecured Notes	<ul style="list-style-type: none"> US\$300M senior unsecured Reg-S notes with institutional investors primarily located in Asia, Europe and Australia, maturing in May 2023. Interest of 4.625% is paid semi-annually on 25 May and 25 November of each year.
Working capital facility ⁽¹⁾	<ul style="list-style-type: none"> An inventory financing facility for BlueScope Steel (AIS) operates as a sale and repurchase facility whereby the inventory is sold upon shipment and repurchased by the company at the point of consumption. The facility limit is US\$55M (inclusive of GST) and matures September 2023.

⁽¹⁾ Excludes the off-balance sheet receivables securitisation programs, refer to note 6(c).

16 Borrowings (continued)



(c) Bank overdrafts

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

(d) Lines of credit

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

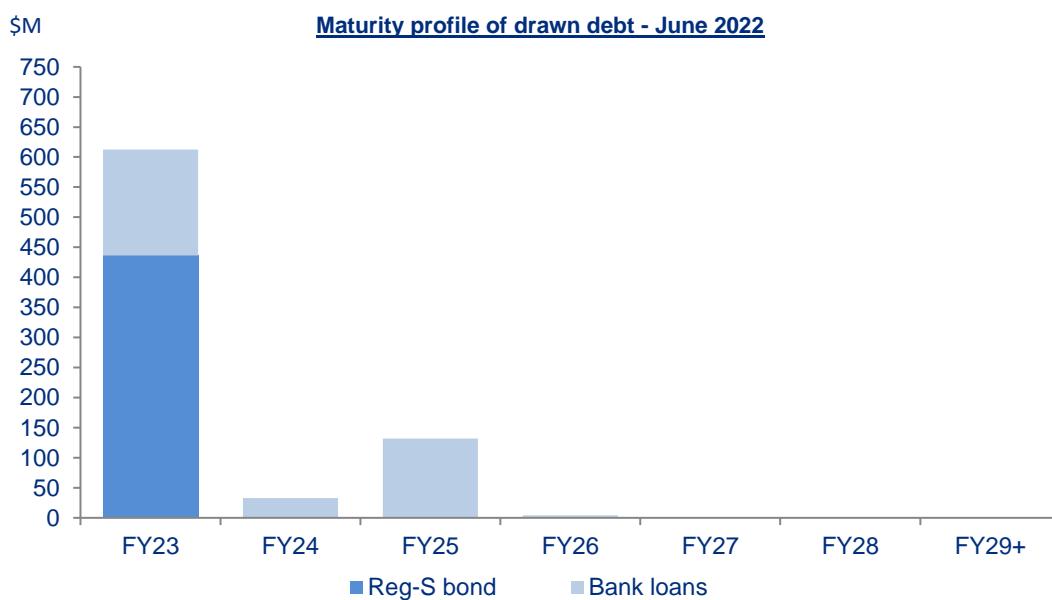
	Consolidated	
	2022 \$M	2021 \$M
Bank overdrafts	50.4	42.9
Bank loan facilities	1,771.7	1,952.3
Total facilities	1,822.1	1,995.2
Bank overdrafts	7.6	0.8
Bank loan facilities	337.8	220.1
Used at balance date	345.4	220.9
Bank overdrafts	42.8	42.1
Bank loan facilities	1,433.9	1,732.2
Unused at balance date	1,476.7	1,774.3

16 Borrowings (continued)

(e) Contractual maturity analysis

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

	Notes	< 1 year \$M	1 - 2 years \$M	2 - 3 years \$M	3 - 4 years \$M	4 - 5 \$M	> 5 years \$M	Total \$M
30 June 2022								
Payables	9	2,677.5	6.3	6.0	6.0	6.0	12.7	2,714.5
Derivative financial instruments	32(d)	1.4	-	-	-	-	-	1.4
Borrowings								
-Principal		612.7	32.8	132.1	4.0	-	-	781.6
-Interest		24.2	3.0	1.4	-	-	-	28.6
		636.9	35.8	133.5	4.0	-	-	810.2
30 June 2021								
Payables	9	2,185.8	13.1	6.0	6.0	6.0	18.9	2,235.8
Derivative financial instruments	32(d)	3.5	-	-	-	-	12.8	16.3
Borrowings								
-Principal		75.7	459.8	29.1	59.7	4.1	-	628.4
-Interest		21.4	20.3	1.1	0.4	-	-	43.2
		97.1	480.1	30.2	60.1	4.1	-	671.6



16 Borrowings (continued)

(f) Borrowing costs

	Consolidated	
	2022 \$M	2021 \$M
Interest and finance charges paid/payable	26.7	25.1
Ancillary finance charges	16.9	18.1
Provisions: unwinding of discount	1.0	0.6
Borrowing costs expensed	44.6	43.8

(g) Recognition and measurement

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

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

17 Leases

(a) Group as a lessee

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

(b) Right-of-use assets

	Notes	Land and Buildings \$M	Plant, machinery & equipment \$M	Total \$M
Year ended 30 June 2022				
Opening net book amount		230.3	127.6	357.9
Additions		56.1	55.1	111.2
Business acquisitions	21(a)	1.6	1.7	3.3
Depreciation charge		(54.7)	(39.6)	(94.3)
Lease terminations	17(d)	(16.2)	(0.1)	(16.3)
Impairment charge	14(f)	(1.2)	-	(1.2)
Asset reclassifications from PP&E		5.2	-	5.2
Asset reclassifications		0.6	(0.6)	-
Exchange fluctuations		4.8	3.8	8.6
Closing net book amount		226.5	147.9	374.4
At 30 June 2022				
Cost		571.7	462.3	1,034.0
Accumulated depreciation and impairment		(345.2)	(314.4)	(659.6)
Net book amount		226.5	147.9	374.4

17 Leases (continued)

	Land and Buildings \$M	Plant, machinery & equipment \$M	Total \$M
Year ended 30 June 2021			
Opening net book amount	237.3	100.7	338.0
Additions	50.6	65.5	116.1
Depreciation charge	(52.1)	(37.0)	(89.1)
Lease terminations	(1.0)	(0.3)	(1.3)
Exchange fluctuations	(4.5)	(1.3)	(5.8)
Closing net book amount	230.3	127.6	357.9
At 30 June 2021			
Cost	595.0	422.8	1,017.8
Accumulated depreciation and impairment	(364.7)	(295.2)	(659.9)
Net book amount	230.3	127.6	357.9

(c) Lease liabilities

(i) Reconciliation of lease liabilities arising from financing activities

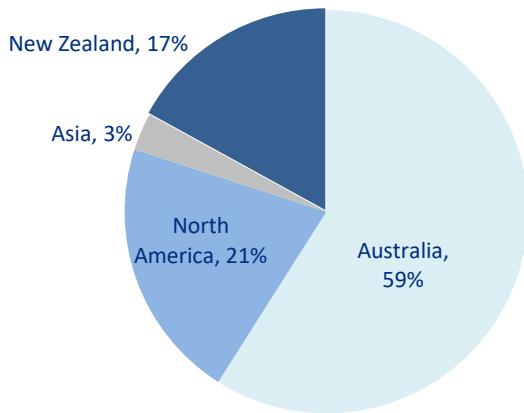
	Notes	Consolidated 2022 \$M	2021 \$M
Balance at the beginning of the year		541.3	536.4
Cash flows		(104.7)	(101.5)
Non-cash changes			
Additions		111.2	116.1
Business acquisitions	21(a)	3.4	-
Lease terminations	17(d)(i)	(21.4)	(1.3)
Foreign Exchange differences		8.6	(8.4)
Balance at the end of the year		538.4	541.3
<i>Split by:</i>			
Current		102.5	95.3
Non-current		435.9	446.0
Total lease liability		538.4	541.3

(ii) Contractual maturity analysis

30 June 2022	< 1 year \$M	1 - 2 years \$M	2 - 3 years \$M	3 - 4 years \$M	4 - 5 \$M	> 5 years \$M	Total \$M
Lease rentals							
-Lease liability	102.5	93.2	62.1	44.2	30.7	205.7	538.4
-Interest	25.5	20.6	16.6	14.1	12.2	63.1	152.1
	128.0	113.8	78.7	58.3	42.9	268.8	690.5
30 June 2021	< 1 year \$M	1 - 2 years \$M	2 - 3 years \$M	3 - 4 years \$M	4 - 5 \$M	> 5 years \$M	Total \$M
Lease rentals							
-Lease liability	95.3	79.6	70.6	49.3	36.2	210.3	541.3
-Interest	25.8	23.7	18.8	15.3	13.0	72.7	169.3
	121.1	103.3	89.4	64.6	49.2	283.0	710.6

17 Leases (continued)

Lease rentals by geographic region



(d) Amounts recognised in the profit or loss

	Notes	Consolidated	
		2022 \$M	2021 \$M
Depreciation expense on right-of-use assets		94.3	89.1
Net gain on lease terminations	(i)	(5.1)	-
Interest on lease liabilities (included in finance costs)		27.8	28.1
Variable lease rental expense	17(e)(iv)	32.2	27.3
Short term lease rental expense	17(e)(iv)	3.5	3.0
Low value lease rental expense	17(e)(iv)	7.0	6.2
Total net expenses		159.7	153.7

(i) The \$5.1M net gain on lease terminations relates to the early termination of a building lease that was purchased by the North America Buildings business.

(e) Recognition and measurement

(i) Definition of a lease

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

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

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

(ii) Right-of-use assets

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

Cost comprises of the following:

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

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

17 Leases (continued)

(iii) Lease liabilities

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

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

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

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

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

(iv) Short-term and leases of low value assets

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

(f) Key estimates and judgements

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

Judgement has also been applied when determining the lease terms for lease contracts containing extension options. Lease terms have been assessed based on whether the Group is reasonably certain to exercise such options. This assessment impacts the value of the lease liability and right-of-use asset recognised. Lease extension options are at the Group's discretion of being exercised and are primarily associated with property leases within the ASP building product businesses. The use of extension options provides the Group flexibility when determining the future use of leasehold properties that meets ever changing business requirements. Gross lease extension options, for which the Group is not reasonably certain of exercise and has been excluded from the lease liability, total \$515.4M. Of this amount, \$320.5M relates primarily to property lease extension options beyond 2030.

18 Contributed equity

(a) Share capital & Treasury shares

	Parent Entity		Parent Entity	
	2022 Shares	2021 Shares	2022 \$M	2021 \$M
Issued fully paid ordinary shares				
Treasury shares	470,602,388	503,806,240	2,987.7	3,650.8
Total contributed equity	(1,517,531)	(50,154)	(29.7)	(0.9)
	469,084,857	503,756,086	2,958.0	3,649.9

18 Contributed equity (continued)

(b) Movements

	2022 Shares	2021 Shares	2022 \$M	2021 \$M
Issue of ordinary shares during the year				
Opening balance	503,806,240	502,632,849	3,650.8	3,634.7
Share rights issued	-	1,173,391	-	14.0
Share buybacks (i)	(33,203,852)	-	(650.6)	-
Share rights settled (ii)	-	-	(15.6)	-
Share rights - Tax deduction (ii)	-	-	3.1	2.1
Ordinary share capital	470,602,388	503,806,240	2,987.7	3,650.8
Movement in Treasury shares				
Opening balance	(50,154)	-	(0.9)	-
Shares purchased on market (iii)	(3,000,000)	(50,154)	(66.5)	(0.9)
Share rights settled (iii)	1,532,623	-	37.7	-
Treasury shares	(1,517,531)	(50,154)	(29.7)	(0.9)
Total Contributed equity	469,084,857	503,756,086	2,958.0	3,649.9

(i) Share buybacks

As at 30 June 2022, a total of 33,203,852 shares had been bought back at an average cost of \$19.58 (including \$0.6M brokerage costs) as part of the FY2022 share buy-back program.

(ii) Share rights

As at 30 June 2022, \$12.5M net of tax was recorded in share capital representing shares acquired on-market in excess of the accounting expense of the settled equity schemes.

(iii) Treasury Shares

Treasury shares are shares purchased in BlueScope Steel Limited that are held by the BlueScope Employee Share Trust for the purpose of issuing shares under employee share right awards. In August 2021, 1,600,000 shares were purchased on market at an average cost of \$24.63 of which 1,532,623 were utilised for settlement of equity share award schemes. An additional 1,400,000 shares were purchased on market at an average cost of \$19.38 in March 2022 and are available to be utilised for future settlement of equity share award schemes.

(c) Capital risk management

Management monitors its capital structure through various key financial metrics with an emphasis on net debt. The Group's net debt is managed through the economic price cycle to ensure access to finance at reasonable cost regardless of the point in the cycle. On occasions, the Group will take advantage of certain investment opportunities where an increased level of net debt will be tolerated, provided there is sufficient future cash flow strength and flexibility to be confident of credit strengthening rather than uncertainty and risk of credit weakening.

In managing equity, all methods of returning funds to shareholders outside of dividend payments or raising funds are considered within the context of its balance sheet objectives. In managing debt, the Group seeks a diversified range of funding sources and maturity profiles. Sufficient flexibility is maintained within committed facilities in order to provide the business with the desired liquidity support for operations and to pursue its strategic objectives.

	Notes	Consolidated	
		2022 \$M	2021 \$M
Total borrowings	16	777.2	622.5
Lease liabilities	17(c)	538.4	541.3
Less: Cash and cash equivalents	15	(1,682.7)	(1,961.9)
Net (cash) debt		(367.1)	(798.1)
Total equity		10,448.1	8,160.4
Total capital		10,081.0	7,362.3
Gearing ratio		0.0%	0.0%

18 Contributed equity (continued)

(d) Recognition and measurement

Ordinary shares

Ordinary shares are classified as equity and have no par value. Ordinary shares carry one vote per share, the right to participate in dividends and entitle the holder to the proceeds on winding up of the Group in proportion to the number of shares held.

The proceeds of share buybacks are deducted from equity, including directly attributable incremental costs (net of income taxes). No gain or loss is recognised in the profit and loss.

19 Reserves

	Consolidated	
	2022 \$M	2021 \$M
Hedging (b) (i)	23.4	6.4
Share-based payments (b) (ii)	71.0	63.6
Foreign currency translation (b) (iii)	226.8	(101.1)
Non-distributable profits (b) (iv)	48.8	44.7
Asset realisation (b) (v)	180.5	180.5
Asset revaluation (b) (vi)	(11.7)	(15.3)
Controlled entity acquisition (b) (vii)	(21.9)	(21.9)
	516.9	156.9

(a) Movements in reserves

Consolidated - Jun 2022 (\$M)	Hedging	Share based payments	Foreign currency translation	Non-Distributable profits	Asset realisation/revaluation	Controlled entity acquisition	Total
Opening balance	6.4	63.6	(101.1)	44.7	165.2	(21.9)	156.9
Net gain (loss) on cash flow hedges	19.7	-	-	-	-	-	19.7
Net gain (loss) on net investments in foreign subsidiaries	-	-	11.7	-	-	-	11.7
Share-based payments expense	-	20.6	-	-	-	-	20.6
Vesting of share awards	-	(13.2)	-	-	-	-	(13.2)
Deferred tax	(7.2)	-	(3.5)	-	-	-	(10.7)
Transfer to inventory/PP&E	4.5	-	-	-	-	-	4.5
Transfers from retained profits	-	-	-	4.1	-	-	4.1
Investment revaluation	-	-	-	-	3.6	-	3.6
Exchange fluctuations	-	-	319.7	-	-	-	319.7
Closing balance	23.4	71.0	226.8	48.8	168.8	(21.9)	516.9

Consolidated - Jun 2021 (\$M)	Hedging	Share based payments	Foreign currency translation	Non-Distributable profits	Asset realisation/revaluation	Controlled entity acquisition	Total
Opening balance	(14.2)	55.1	134.0	40.6	161.0	(21.9)	354.6
Net gain (loss) on cash flow hedges	34.5	-	-	-	-	-	34.5
Net gain (loss) on net investments in foreign subsidiaries	-	-	(40.4)	-	-	-	(40.4)
Share-based payments expense	-	22.5	-	-	-	-	22.5
Vesting of share awards	-	(14.0)	-	-	-	-	(14.0)
Deferred tax	(9.0)	-	12.1	-	-	-	3.1
Transfer to inventory/PP&E	(4.8)	-	-	-	-	-	(4.8)
Transfers from retained profits	-	-	-	4.1	-	-	4.1
Investment revaluation	-	-	-	-	12.6	-	12.6
Exchange fluctuations	(0.1)	-	(206.8)	-	-	-	(206.9)
Other	-	-	-	-	(8.4)	-	(8.4)
Closing balance	23.4	63.6	(101.1)	44.7	165.2	(21.9)	156.9

19 Reserves (continued)

(b) Nature and purpose of reserves

(i) Hedging reserve

Records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.

(ii) Share-based payments reserve

Recognises the value of equity-settled share-based payments provided to employees, including Key Management Personnel, as part of their remuneration.

(iii) Foreign currency translation reserve

Records exchange fluctuations arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of the translation of the net investments in foreign operations. The cumulative amount is reclassified to profit and loss when the foreign subsidiary is disposed of.

(iv) Non-distributable profit reserve

In certain overseas operations local regulations require a set amount of retained profit to be set aside and not be distributed as a dividend.

(v) Asset realisation reserve

Arises from the disposal of 50% interest in BlueScope's ASEAN and west coast North American building product businesses to Nippon Steel Corporation in March 2013. Prior year asset realisation reserve movement included \$8.4M for withholding tax paid for the establishment of the BlueScope and Nippon Steel joint venture that was accounted for as a receivable but no longer expected to be refunded.

(vi) Asset revaluation reserve

Arises from the investment held by New Zealand Steel Ltd in Steel & Tube Holdings Ltd. Designated changes in fair value are recognised in the asset revaluation reserve (refer to note 22).

(vii) Controlled entity acquisition reserve

Arises from the Group's acquisition of the remaining 40% non-controlling interest in BlueScope Steel (Malaysia) Sdn Bhd and 5% of Lysaght Thailand Ltd and BlueScope Steel Thailand Ltd, adjusted for the subsequent 50% disposal of their additional interests into BlueScope and Nippon Steel Corporation joint venture established in March 2013. This item represents the difference between the amount paid and the balance of the non-controlling interest acquired.

20 Dividends

(a) Ordinary shares

	Parent entity	2022	2021
	\$M	\$M	
Final unfranked dividend for 30 June 2021 of 44 cents per fully paid ordinary share, comprising of 25 cents per share final ordinary dividend and 19 cents per share special dividend, paid on 13 October 2021 (2021: 8 cents unfranked).	221.6	40.3	
Interim unfranked dividend of 25 cents per fully paid ordinary share was paid on 29 March 2022 in relation to the year ended 30 June 2022 (2021: 6 cents unfranked).	122.4	30.2	
Total dividends paid	344.0	70.5	

(b) Dividends not recognised at year-end

For the year ended 30 June 2022, the Directors have approved the payment of an unfranked dividend of 25 cents per fully paid ordinary share. The proposed dividend expected to be paid, but not recognised as a liability at period end, is \$117.7M.

20 Dividends (continued)

(c) Franked dividends

	Parent entity	
	2022	2021
	\$M	\$M
Actual franking account balance as at the reporting date	-	-
Franking credits available for subsequent financial years based on a tax rate of 30%	139.3	-

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- (a) franking credits (debits) that will arise from the payment (receipt) of the amount of the provision for income tax;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

(d) Recognition and measurement

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the balance sheet date.

GROUP STRUCTURE

This section of the notes provides information which will help users understand how the Group structure affects the financial position and performance of the Group.

21 Business combinations

(a) Summary of acquisitions

(i) On 17 December 2021, the Group acquired the US ferrous scrap steel recycling business of Metal X LLC for a total acquisition cost of US\$218.3M, comprised of two operating sites in Indiana and in Ohio, immediately adjacent to North Star in Delta. MetalX is the largest of North Star's diverse scrap steel suppliers, currently supplying around 20% of the scrap used. The acquisition increases scrap self-sufficiency through low capital capacity additions and process improvements in both prime and obsolete scrap processing.

From the date of acquisition, the scrap recycling business has contributed revenues of \$302.5M and earnings before interest and tax and depreciation and amortisation (EBITDA) of \$12.6M to the Group, which includes \$2.2M of integration costs.

(ii) On 28 June 2022, the Group acquired Coil Coatings business from Cornerstone Buildings Brands, Inc for US\$500M, subject to working capital adjustments. Coil Coatings is the second largest metal painter in the US, with a total capacity of around 900,000 tonnes per annum across seven facilities, predominantly serving commercial and industrial construction applications. The acquisition provides immediate access to the large and growing Eastern US region in addition to near-term synergies and potential for medium to longer-term growth through facility upgrades, product development, and branded products.

If the combination had taken place at the beginning of the year, revenue from operations would have been approximately US\$370M and earnings before interest and tax and depreciation and amortisation (EBITDA) approximately US\$56M, prior to integration costs.

Details of the purchase consideration and net assets acquired for the acquisition is as follows:

(b) Purchase consideration - cash outflow

	Metal X LLC	
	\$M USD	\$M AUD
Purchase consideration ⁽¹⁾	218.3	306.8
Add: Acquisition costs ⁽²⁾	1.9	2.7
Less: Deferred purchase consideration payable ⁽³⁾	(20.0)	(29.1)
Cash consideration	200.2	280.4
Less: Cash balances acquired	0.1	0.1
Outflow of cash	200.1	280.3

21 Business combinations (continued)

⁽¹⁾ The purchase consideration includes US\$6.8M of working capital true-up received in March 2022.

⁽²⁾ Acquisition-related costs are included in 'Other expenses' in the profit or loss and under 'Investing cash outflows' in the statement of cash flows.

⁽³⁾ As part of the purchase agreement with Metal X LLC, a US\$15.0M contingent consideration and US\$5M deferred consideration were agreed. The contingent consideration is expected to be paid in the first quarter of FY2023 and the deferred consideration over the next 12 months.

Outflow of cash to acquire subsidiaries, net of cash (overdraft) acquired

	Coil Coaters	\$M	\$M
	USD	AUD	
Purchase consideration	500.0	710.7	
Add: Acquisition costs ⁽¹⁾	1.0	1.3	
Cash consideration	501.0	712.0	
Less: Cash balances (overdraft) acquired	(3.7)	(5.2)	
Outflow of cash	504.7	717.2	

⁽¹⁾ Acquisition-related costs are included in 'Other expenses' in the profit or loss and under 'Investing cash outflows' in the statement of cash flows.

(c) Provisional assets acquired and liabilities assumed

The identifiable net assets recognised on acquisition as set out below are based on provisional assessment of their fair value as the measurement period may extend up to 12 months from acquisition date.

	Metal X LLC	
	\$M	\$M
	USD	AUD
Assets		
Cash	0.1	0.1
Inventories	7.5	10.5
Property, plant and equipment	75.0	104.9
Intangible assets ⁽¹⁾	25.0	35.0
Equity investment	0.4	0.6
Right-of-use assets	0.5	0.7
Deferred tax	0.6	0.8
Other assets	0.1	0.1
Total assets	109.2	152.7
Liabilities		
Other provisions	2.4	3.4
Lease liabilities	0.5	0.7
Total liabilities	2.9	4.1
Total identifiable net assets at fair value	106.3	148.6
Goodwill recognised on acquisition ⁽²⁾	112.0	156.7
Purchase consideration transferred	218.3	305.3

⁽¹⁾ The US\$25.0M intangibles represent external customer relationships (US\$18.1M) to be amortised over 10 years and supplier relationships (US\$6.9M) to be amortised over 3 years.

⁽²⁾ Goodwill recognised on acquisition represents the premium paid above the fair value of identifiable net assets acquired. The balance relates to intangible assets acquired as part of the acquisition, which are not separately identifiable. Management has identified the goodwill on the basis of integrating a major supplier of scrap to the North Star business and providing the Company a crucial presence and expertise in scrap processing. The goodwill is deductible for tax purposes over 15 years at 23%.

21 Business combinations (continued)

	Coil Coaters	
	\$M USD	\$M AUD
Assets		
Cash	0.8	1.1
Trade and other receivables	26.9	38.2
Inventories	47.2	67.1
Property, plant and equipment	83.1	118.2
Right-of-use assets	1.9	2.7
Retirement benefit asset	4.6	6.7
Deferred tax	2.1	3.0
Other assets	0.2	0.3
Total assets	166.9	237.3
Liabilities		
Trade and other payables	30.6	43.5
Borrowings	4.5	6.3
Other provisions	13.6	19.5
Lease liabilities	1.9	2.7
Total liabilities	50.6	72.0
Total identifiable net assets at fair value	116.3	165.3
Goodwill recognised on acquisition ⁽¹⁾	383.7	545.4
Purchase consideration transferred	500.0	710.7

⁽¹⁾ Goodwill recognised on acquisition represents the premium paid above the fair value of identifiable net assets acquired which is provisional and will be updated in 1H FY2023 for the allocation of fair value of tangible and identifiable intangible assets.

22 Other investments - Fair value through OCI

	Consolidated	
	2022 \$M	2021 \$M
Gross investment	42.6	42.8
Fair value revaluation	(12.4)	(14.9)
	30.2	27.9

Other investments represents New Zealand Steel Limited's (NZS) 15.8% interest in Steel & Tube Holdings Limited (Steel & Tube), a company listed on the NZ stock exchange and a customer of NZS. NZS neither has control (requiring consolidation) nor joint control or significant influence (requiring equity accounting) over this investment.

This investment is recorded at fair value. The Company has elected to designate changes to the fair value to be recognised in an equity reserve. Upon disposal the amount recognised in equity is not recycled through the profit and loss but will be transferred directly to retained earnings.

23 Subsidiaries and non-controlling interests

(a) Investments in subsidiaries

Name of entity	Note	Principal place of business	Equity holding 2022 %	Equity holding 2021 %
Amari Wolff Steel Pty Ltd	(a)	Australia	100	100
Australian Iron & Steel Pty Ltd		Australia	100	100
BlueScope APT Holdings Pty Ltd	(a)	Australia	100	100
BlueScope Building and Construction Limited	(a)	Australia	100	100
BlueScope Distribution Pty Ltd	(a)	Australia	100	100
BlueScope Pacific Steel (Fiji) Pty Limited	(a)	Australia	100	100
BlueScope Pty Ltd		Australia	100	100
BlueScope Steel (AIS) Pty Ltd		Australia	100	100

23 Subsidiaries and non-controlling interests (continued)

Name of entity	Note	Principal place of business	Equity holding 2022 %	Equity holding 2021 %
BlueScope Steel (Finance) Limited		Australia	100	100
BlueScope Steel Americas Holdings Pty Ltd		Australia	100	100
BlueScope Steel Asia Holdings Pty Ltd		Australia	100	100
BlueScope Steel Employee Share Plan Pty Ltd		Australia	100	100
BlueScope Water Australia Pty Ltd	(a)	Australia	100	100
Fielders Manufacturing Pty Ltd	(a)	Australia	100	100
Glenbrook Holdings Pty Ltd		Australia	100	100
John Lysaght (Australia) Pty Ltd		Australia	100	100
Laser Dynamics Australia Pty Ltd	(a)	Australia	100	100
Lysaght Building Solutions Pty Ltd	(a)	Australia	100	100
Metalcorp Steel Pty Limited	(a)	Australia	100	100
New Zealand Steel (Aust) Pty Limited	(a)	Australia	100	100
Orrcon Distribution Pty Ltd	(a)	Australia	100	100
Orrcon Manufacturing Pty Ltd	(a)	Australia	100	100
Permalite Aluminium Building Solutions Pty Ltd	(a)	Australia	100	100
The Roofing Centre (Tasmania) Pty Ltd	(a)	Australia	100	100
BlueScope X Pty Ltd	(e)	Australia	100	-
NS BlueScope Lysaght (Brunei) Sdn Bhd	(b)	Brunei	30	30
BlueScope Bliss Buildings (Shanghai) Co Ltd		China	100	100
BlueScope Building Systems (Xi'an) Co Ltd		China	100	100
BlueScope Lysaght (Shanghai) Limited		China	100	100
BlueScope Steel (Suzhou) Co. Ltd		China	100	100
BlueScope Steel Investment Management (Shanghai) Co Ltd		China	100	100
Butler (Shanghai) Inc		China	100	100
Butler (Tianjin) Inc		China	100	100
BlueScope Lysaght (Fiji) Pte Limited		Fiji	64	64
BlueScope Steel North Asia Ltd		Hong Kong	100	100
BlueScope Steel India (Private) Ltd		India	100	100
PT BlueScope Buildings Indonesia		Indonesia	100	100
PT BlueScope Distribution Indonesia		Indonesia	100	100
PT NS BlueScope Indonesia	(b)	Indonesia	50	50
PT NS BlueScope Lysaght Indonesia	(b)	Indonesia	50	50
PT NS BlueScope Service Center Indonesia	(b)	Indonesia	50	50
BlueScope Buildings (Malaysia) Sdn Bhd		Malaysia	60	60
NS BlueScope Malaysia Sdn Bhd	(b)	Malaysia	50	50
NS BlueScope Asia Sdn Bhd	(b)	Malaysia	50	50
NS BlueScope Lysaght Malaysia Sdn Bhd	(b)	Malaysia	30	30
NS BlueScope Lysaght Sabah Sdn Bhd	(b)	Malaysia	25	25
Global BMC (Mauritius) Holdings Limited		Mauritius	100	100
Butler de Mexico S. de R.L. de C.V.		Mexico	100	100
Butler Manufacturas S de R.L. de C.V.	(f)	Mexico	100	100
NS BlueScope Lysaght Myanmar Limited	(b)	Myanmar	50	50
BlueScope Acier Nouvelle Caledonie SA	(c)	New Caledonia	65	65
BlueScope Steel Finance NZ Limited		New Zealand	100	100
BlueScope Steel Trading NZ Limited		New Zealand	100	100
New Zealand Steel Development Limited		New Zealand	100	100
New Zealand Steel Holdings Ltd		New Zealand	100	100
New Zealand Steel Limited		New Zealand	100	100
Pacific Steel (NZ) Limited		New Zealand	100	100
SteelServ Limited		New Zealand	100	100
Steltech Structural Ltd		New Zealand	100	100
Tasman Steel Holdings Ltd		New Zealand	100	100
Toward Industries Ltd		New Zealand	100	100
Waikato North Head Mining Limited		New Zealand	100	100
BlueScope Steel International Holdings SA		Panama	100	100
BlueScope Steel Philippines Inc		Philippines	100	100
BlueScope Buildings (Singapore) Pte Ltd		Singapore	100	100
NS BlueScope Holdings Thailand Pte Ltd	(b)	Singapore	50	50
NS BlueScope Lysaght Singapore Pte Ltd	(b)	Singapore	50	50
NS BlueScope Pte Ltd	(b)	Singapore	50	50

23 Subsidiaries and non-controlling interests (continued)

Name of entity	Note	Principal place of business	Equity holding 2022 %	Equity holding 2021 %
Steelcap Insurance Pte Ltd		Singapore	100	100
BlueScope Steel Southern Africa (Pty) Ltd		South Africa	100	100
BlueScope Lysaght Taiwan Limited		Taiwan	80	80
BlueScope Buildings (Thailand) Ltd		Thailand	80	80
NS BlueScope (Thailand) Limited	(b)	Thailand	40	40
NS BlueScope Lysaght (Thailand) Ltd	(b)	Thailand	40	40
Steel Holdings Co. Ltd	(b)	Thailand	50	50
BlueScope Steel International Ltd		UK	100	100
ASC Profiles LLC	(b)	USA	50	50
BIEC International Inc		USA	100	100
BlueScope Blazer LLC		USA	100	100
BlueScope Buildings North America Inc		USA	100	100
BlueScope Buildings North America Engineering (Michigan) LLC		USA	100	100
BlueScope Coated Products LLC	(e)	USA	100	-
BlueScope Construction Inc		USA	100	100
BlueScope Finance (Americas) LLC		USA	100	100
BlueScope Properties Development LLC		USA	100	100
BlueScope Properties Group LLC		USA	100	100
BlueScope Properties Holdings LLC		USA	100	100
BlueScope Steel Americas LLC		USA	100	100
BlueScope Steel Holdings (USA) Partnership		USA	100	100
BlueScope Steel Investments 2 LLC		USA	100	100
BlueScope Steel Investments 3 LLC		USA	100	100
BlueScope Steel Investments Inc		USA	100	100
BlueScope Steel North America Corporation		USA	100	100
BPG Apopka Properties 1 LLC		USA	100	100
BPG Arizona 1 LLC	(e)	USA	100	-
BPG Dove Valley 1 LLC		USA	100	100
BPG Dove Valley 2 LLC		USA	100	100
BPG North Canton 1 LLC	(f)	USA	100	100
BPG Olathe 1 LLC	(e)	USA	100	-
BPG Sanford 1 LLC		USA	100	100
BPG Tradeport East 1 LLC	(e)	USA	100	-
BlueScope Recycling and Materials LLC	(e)	USA	100	-
BlueScope Recycling and Materials Transport LLC	(e)	USA	100	-
Butler Holdings Inc		USA	100	100
Butler Pacific Inc		USA	100	100
Fulton County Properties LLC	(e)	USA	100	-
IPI Waterloo LLC	(e)	USA	100	-
North Star BlueScope Steel LLC		USA	100	100
NS BlueScope Holdings USA LLC	(b)	USA	50	50
Steelscape LLC	(b)	USA	50	50
Steelscape Washington LLC	(b)	USA	50	50
Tri-Star Investment Company LLC	(e)	USA	100	-
VSMA Inc		USA	100	100
BlueScope Lysaght (Vanuatu) Ltd	(c) (d)	Vanuatu	39	39
BlueScope Buildings Vietnam Limited		Vietnam	100	100
NS BlueScope Lysaght (Vietnam) Limited	(b)	Vietnam	50	50
NS BlueScope Vietnam Limited	(b)	Vietnam	50	50

All subsidiaries incorporated in Australia are members of the BlueScope Steel Limited tax consolidated group. Refer to note 30(d)(ii).

- (a) These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with ASIC Corporations (wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission. For further information refer to note 31.
- (b) These entities are part of the joint venture established between BlueScope and Nippon Steel Corporation in March 2013 and have been classified as controlled entities because of the Group's unilateral right to appoint the CEO (and other Key Management Personnel), approval of the operating budget and retaining significant decision making authority.

23 Subsidiaries and non-controlling interests (continued)

- (c) These controlled entities are audited by firms other than Ernst & Young and affiliates.
- (d) The Group's ownership of the ordinary share capital in this entity represents a beneficial interest of 39% represented by its 65% ownership in BlueScope Acier Nouvelle Caledonie SA, which in turn has 60% ownership of the entity.
- (e) New entities incorporated/acquired during the year.
- (f) Entities is in the process of liquidation.

(b) Principles of consolidation

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Non-controlling interests (NCI)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity and statement of financial position respectively. Financial information of subsidiaries that have material non-controlling interests, as determined by reference to the net assets of the Group, are provided below:

	Place of business/ country of incorporation	2022	2021
Proportion of equity interest held by non-controlling interests:			
NS BlueScope (Steel) Thailand Ltd	Thailand	60	60
Steelscape LLC	USA	50	50
		2022 \$M	2021 \$M
Accumulated balances of material non-controlling interest:			
NS BlueScope (Steel) Thailand Ltd		189.7	174.8
Steelscape LLC		246.1	178.4
Profit (loss) allocated to material non-controlling interest:			
NS BlueScope (Steel) Thailand Ltd		43.1	30.8
Steelscape LLC		94.5	58.8

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of financial position	NS BlueScope (Steel) Thailand Ltd		Steelscape LLC	
	2022 \$M	2021 \$M	2022 \$M	2021 \$M
Current assets	276.6	287.4	490.3	451.5
Non-current assets	286.6	261.7	162.0	147.6
Total assets	563.2	549.1	652.3	599.1
Current net assets				
Current liabilities	169.1	195.2	108.8	190.8
Non-current liabilities	77.9	62.6	51.3	51.5
Total liabilities	247.0	257.8	160.1	242.3
Net assets	316.2	291.3	492.2	356.8
Attributable to:				
Owners of BlueScope Steel Limited	126.5	116.5	246.1	178.4
Non-controlling interests	189.7	174.8	246.1	178.4

23 Subsidiaries and non-controlling interests (continued)

Summarised statement of comprehensive income

	Note	NS BlueScope (Steel) Thailand Ltd		Steelscape LLC	
		2022 \$M	2021 \$M	2022 \$M	2021 \$M
Revenue		659.4	546.1	1,335.2	860.9
Expenses		(618.3)	(487.4)	(1,146.2)	(743.2)
Impairment write-back	14(f)	46.0	-	-	-
Profit before tax		87.1	58.7	189.0	117.7
Income tax (expense)		(15.3)	(7.4)	-	-
Profit after tax		71.8	51.3	189.0	117.7
Attributable to non-controlling interests		43.1	30.8	94.5	58.8
Dividends paid to non-controlling interest		27.6	4.9	47.3	8.7

Summarised statement of cash flows

	NS BlueScope (Steel) Thailand Ltd		Steelscape LLC	
	2022 \$M	2021 \$M	2022 \$M	2021 \$M
Cash inflow (outflow) from operating activities	(47.7)	117.4	81.8	125.1
Cash (outflow) from investing activities	(7.0)	(4.6)	(14.0)	(9.4)
Cash (outflow) from financing activities	(18.9)	(33.5)	(73.7)	(81.3)
Net (decrease) increase in cash and cash equivalents	(73.6)	79.3	(5.9)	34.4

24 Investment in associates

	Name of entity	Principal place of business	Consolidated	
			2022 \$M	2021 \$M
Investment in associates			1.3	0.4
Saudi Building Systems Manufacturing Company Ltd (i)		Saudi Arabia	30	30
NS BlueScope Lysaght (Sarawak) Sdn Bhd		Malaysia	25	25
Tri Star Metal Alliance LLC (ii)		USA	33	-

(a) Movements in carrying amounts

	Notes	Consolidated	
		2022 \$M	2021 \$M
Carrying amount at the beginning of year		0.4	0.4
Share of (losses) profits after income tax	(i)	0.8	(1.5)
Dividends received/receivable		(0.5)	-
Reserve movements		(0.1)	-
Business acquisition	(ii)	0.6	-
Transfers	(i)	-	1.5
Currency fluctuation		0.1	-
Carrying amount at the end of the year		1.3	0.4

(i) The 70% majority partner in Saudi Building business has decided to liquidate the company or sell should a buyer be found during the process. Estimated closure costs have been previously provided and remains adequate.

(ii) As part of the US ferrous scrap steel recycling business acquisition of Metal X LLC in December 2021, a 33% equity interest was acquired in Tri Star Metal Alliance LLC, a scrap handling business.

24 Investment in associates (continued)

(b) Contingent assets and liabilities relating to associates

There were no contingent assets and liabilities relating to investments in associates.

(c) Recognition and measurement

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates in the consolidated financial statements reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

25 Investment in joint ventures

	Consolidated	
	2022 \$M	2021 \$M
Interest in joint venture partnerships	138.9	108.9

The Group has a 50% interest in Tata BlueScope Steel Ltd (TBSL), an Indian resident, the principal activity of which is to manufacture metallic coated and painted steel products.

(a) Movements in carrying amounts

	Tata BlueScope Steel	
	2022 \$M	2021 \$M
Carrying amount at beginning of year	108.9	89.3
Share of profit after income tax	29.3	26.7
Reserve movements	(3.1)	(0.2)
Exchange fluctuations	3.8	(6.9)
Carrying amount at the end of the year	138.9	108.9

25 Investment in joint ventures (continued)

(b) Summarised financial information

	Tata BlueScope Steel	
	2022	2021
	\$M	\$M
Summarised statement of financial position		
Cash and cash equivalents	72.1	52.1
Financial investments	29.9	34.4
Other current assets	147.5	93.3
Non-current assets	123.7	129.3
Total assets	373.2	309.1
Current borrowings and lease liabilities	10.6	10.5
Other current liabilities	58.3	45.4
Non-current borrowings and lease liabilities	8.0	17.0
Other non-current liabilities	18.5	18.4
Total liabilities	95.4	91.3
Net assets	277.8	217.8
Proportion of the Group's ownership (%)	50.0	50.0
Carrying amount of the investment	138.9	108.9

	Tata BlueScope Steel	
	2022	2021
	\$M	\$M
Summarised statement of comprehensive income:		
Revenues	547.8	403.3
Expenses	(464.3)	(322.9)
Depreciation and amortisation expense	(10.1)	(10.8)
Net finance income	4.1	1.4
Profit before income tax	77.5	71.0
Income tax (expense)	(18.9)	(17.7)
Profit after income tax	58.6	53.3
Group's share of profit for the year	29.3	26.7
Group's share of capital commitments	0.5	0.5

(c) Contingent liabilities relating to joint ventures

Disputed rent

The Jharkhand Government has been in a land rental dispute with Tata Steel for several years and this matter impacts the rental costs of TBSL as a sub-tenant of Tata Steel. BlueScope's 50% share of this contingent liability is \$6.4M (2021: \$5.8M).

Taxation

TBSL has direct and indirect tax computations which have been submitted but not agreed by the relevant authorities. TBSL has provided for the amount of tax it expects to pay taking into account professional advice it has received. The matters currently in dispute could result in amendments to the original computations. BlueScope's 50% share of the potential amendments is \$5.2M (2021: \$4.9M).

(d) Secured liabilities and assets pledged as security

The Tata BlueScope Steel borrowings and lease liabilities totalling \$18.6M (2021: \$27.5M) are secured against property, plant and equipment.

25 Investment in joint ventures (continued)

(e) Recognition and measurement

Joint arrangements are classified as joint operations or joint ventures based on the rights and obligations of the parties to the joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement ("joint operators") have rights to the assets, and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement ("joint venturers") have rights to the net assets of the arrangement.

The interests in joint ventures are accounted for in the financial statements using the equity method. Under the equity method, the share of the profits or losses of the partnerships is recognised in profit or loss, and the share of post-acquisition movements in reserves is recognised in other comprehensive income.

Profits or losses on transactions establishing a joint venture and transactions with a joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

UNRECOGNISED ITEMS

26 Contingencies

(a) Contingent liabilities

The Group had contingent liabilities at 30 June 2022 in respect of:

(i) Outstanding legal matters

As announced to the market in August and October 2019, the Australian Competition and Consumer Commission (ACCC) commenced civil proceedings against BlueScope and one of its former employees in the Federal Court of Australia in August 2019, alleging contraventions of the Australian competition law cartel provisions. The Commonwealth Director of Public Prosecutions (CDPP) determined not to commence criminal cartel proceedings against either BlueScope or the former employee.

BlueScope has previously conducted an internal investigation in relation to all matters covered in the ACCC's Statement of Claim and remains of the view that neither BlueScope, nor any of its current or former employees referred to in the ACCC's Statement of Claim, engaged in cartel conduct, or attempted to engage in such conduct. The trial of the civil proceedings concluded on 1 November 2021 and judgment is reserved.

(ii) Guarantees

In Australia, BlueScope Steel Limited has provided \$88.7M (2021: \$88.9M) in guarantees to various state workers compensation authorities as a prerequisite for self-insurance. An amount, net of recoveries, of \$58.9M (2021: \$58.5M) has been recognised as recommended by independent actuarial advice.

Bank guarantees have been provided to customers and suppliers in respect of the performance of goods and services provided and purchases of goods and services which are immediately callable by default. Bank guarantees outstanding at 30 June 2022 totalled \$143.8M (2021: \$146.0M).

(iii) Taxation

The Group operates in many countries across the world, each with separate taxation authorities, which results in significant complexity. At any point in time there are tax computations which have been submitted but not agreed by those tax authorities and matters which are under discussion between Group companies and the tax authorities. The Group provides for the amount of tax it expects to pay taking into account those discussions and professional advice it has received. While conclusion of such matters may result in amendments to the original computations, the Group does not believe that such adjustments will have a material adverse effect on its financial position, although such adjustments may be significant to any individual year's income statement.

(iv) Regulatory

The Group is subject to extensive government laws and regulation, including environmental, greenhouse gas emissions, tax, occupational health and safety, competition law and trade restrictions in each of the countries in which it operates. The Group is also subject to risks posed by the conduct of our employees and other participants in the supply chain and to the risk of regulatory investigations into compliance with government laws and regulations which could be lengthy and costly.

(b) Contingent assets

There are no material contingent assets required for disclosure as at 30 June 2022 (June 2021: Nil).

27 Events occurring after balance date

- (i) On 8 August 2022, the Company acquired a ferrous scrap processing business located in Ohio, U.S. for approximately US\$80M. Given the close proximity of the acquisition to the financial statements signing date the required AASB 3 Business Combination disclosures cannot be made.
- (ii) The Board has approved an increase in the share buy-back program to allow up to \$500M over the next 12 months. This reflects a \$153M increase to the \$347M available unused capacity as at 30 June 2022.

OTHER INFORMATION

This section of the notes includes information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements but are not considered critical in understanding the financial performance or position of the Group.

28 Share-based payments

(a) Share award schemes

(i) STI share award

The Board approved the annual FY2022 STI for the CEO and executives, being a one year equity program. No amount will be paid in cash. Performance was assessed against a range of financial and other measures aligned with the returns delivered to shareholders from the implementation of initiatives under the Group's strategic plan. The share awards will vest in late August 2022.

(ii) Long Term Alignment Rights Plan (LTAR)

The long term alignment rights plan is a program determined annually by the Board, which awards share rights to eligible senior management of BlueScope Steel Limited. Alignment Rights are designed to build share ownership and reward senior management for long-term value creation, and are part of the Group's overall recognition and retention strategy. The share rights give the right to receive an ordinary share at a later date subject to the satisfaction of certain performance criteria and continued employment with the Group.

The share rights available for exercise are contingent on the Group's achievement of a three-year rolling average level of Return on Invested Capital (ROIC) and debt leverage, as well as individual adherence to the BlueScope Bond. Share rights that fail to meet performance vesting conditions will lapse upon the Alignment Rights expiry date, or sooner upon employee resignation or termination. Plans have been granted to senior management, all at \$Nil exercise price.

(iii) Deferred Equity / Retention Rights Award

The Board awarded deferred equity awards to senior management throughout the Group, with no performance hurdles required to be met. The equity award gives the right to receive an ordinary share at a later date subject to continued employment with the Group.

(iv) Talent Retention Rights (TRE)

During the year, the Board awarded Talent Retention equity rights to selected senior management. The equity award gives the right to receive an ordinary share at a later date subject to maintaining personal performance ratings above the required level and continued employment with the Company.

(v) Non-Executive Director Salary Sacrifice Share Plan (NED)

The Board awarded a fee sacrifice plan to non-executive directors, designed to provide them the opportunity to acquire share rights through sacrificing a fixed portion of their fees covering periods of 6 months intervals. The share rights are being settled by an on-market purchase of BlueScope Steel shares.

(b) Fair value of share rights granted

The fair value of the share rights granted during the year ended 30 June 2022 are as follows:

Fair Value inputs	FY2022 STI	FY2022 LTAR	FY22 TRE	FY2022 NED Tranche 1	FY2022 NED Tranche 2
Grant date	3-Dec-21	3-Dec-21	3-Dec-21	8-Apr-21	8-Apr-21
Vesting date	30-Jun-22	30-Jun-24	31-Aug-23	31-Dec-21	30-Jun-22
Share rights granted	54,704	742,660	94,000	3,030	3,613
Fair value estimate at grant date (\$)	20.08	19.08	19.57	20.39	20.30
Cash settled rights (i)	-	27,784	6,000	-	-
Valuation date share price (\$)	20.47	20.47	20.47	20.52	20.52
Expected dividend yield (%)	2.57	2.57	2.57	0.88	0.88
Expected risk-free interest rate (%)	0.66	0.9	0.66	0.08	0.08
Expected share price volatility (%)	32.50	32.50	32.50	32.50	32.50

28 Share-based payments (continued)

In addition to the above, in FY2022, there were various sign-on rights awarded to selected ELT and senior management totalling 88,701 share rights.

(i) The cash settled rights have been issued to eligible employees in Asia who are entitled to receive cash bonuses three years from grant date, in place of shares. The fair value of the cash rights is calculated as the sum of the market value of shares and dividends that would have otherwise been received.

(c) Cash and equity settled awards outstanding

	STI (CEO, KMP & Senior management)	LTAR (CEO, KMP & Senior management)	TRE (Senior management)	Sign-on Rights (ELT & Senior management)	NED plan (Non- executive) directors
Outstanding at the beginning of the year	772,711	3,647,469	-	72,164	5,499
Granted during the year	63,899	815,980	100,000	88,701	6,643
Exercised during the year	(726,374)	(833,817)	-	-	(8,529)
Lapsed during the year	(46,337)	(142,161)	-	-	(336)
Outstanding at the end of the year	63,899	3,487,471	100,000	160,865	3,277
Exercisable at the end of the year	63,899	1,311,945	-	92,668	3,277

(i) The average share price for the year ended 30 June 2022 was \$20.66 (2021: \$16.82). The weighted average remaining contractual life of share rights outstanding at the end of the period was 1 year (2021: 1 year).

(d) Expense arising from share-based payment transactions

	Consolidated	
	2022 \$M	2021 \$M
Employee share rights expense	20.6	22.5
Employee share awards expense	0.6	1.1
Total net expense arising from share-based payments	21.2	23.6

(e) Recognition and measurement

Equity settled transactions

The fair value of equity settled awards is recognised as an employee benefit expense with a corresponding increase to the share based payments reserve within equity. The amount to be expensed is determined by reference to the fair value of the share awards or share rights granted, which includes any market performance conditions but excludes the impact of non-market performance vesting conditions.

The fair value of equity settled awards at grant date is independently determined by an external valuer using Black-Scholes option pricing model that includes a Monte Carlo simulation analysis, which takes into account the exercise price, the term of the share right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the share right.

Non-market vesting conditions are included in assumptions about the number of share awards or share rights that are expected to vest. The expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are expected to be satisfied. At the end of each period, the entity revises its estimates of the number of share awards and share rights that are expected to vest based on non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the expected vesting period has expired and the number of rights that are expected to ultimately vest. This number is based on the best available information at the reporting date. No expense is recognised for awards that do not ultimately vest due to a performance condition not being met, except for share rights where vesting is only conditional upon a market condition. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Upon the exercise of equity settled share awards, the balance of the share-based payments reserve relating to those rights and awards is transferred to share capital. The dilutive effect, if any, of outstanding rights is reflected as additional share dilution in the computation of diluted earnings per share.

28 Share-based payments (continued)

Cash settled transactions

The ultimate expense recognised in relation to cash-settled transactions will be equal to the actual cash paid to the employees, which will be the fair value at settlement date. The expected cash payment is estimated at each reporting date and a liability is recognised to the extent that the vesting period has expired and in proportion to the amount of the awards that are expected to ultimately vest.

29 Related party transactions

(a) Parent entities

The ultimate parent entity within the Group is BlueScope Steel Limited, which is incorporated in Australia.

(b) Key Management Personnel compensation

	Consolidated	
	2022	2021
	\$'000	\$'000
Short-term employee benefits	11,198.1	8,976.5
Post-employment and other long-term benefits	487.0	373.5
Share-based payments	6,805.9	9,667.7
	18,491.0	19,017.7

(c) Transactions with other related parties

The following transactions occurred with related parties other than Key Management Personnel or entities related to them:

	Consolidated	
	2022	2021
	\$M	\$M
<i>Sales of goods and services</i>		
Sales of goods to associates	3.3	2.7
<i>Superannuation contributions</i>		
Contribution to superannuation funds on behalf of employees	192.8	118.6

(d) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties other than key management personnel:

	Consolidated	
	2022	2021
	\$M	\$M
<i>Current receivables (sales of goods and services)</i>		
Associates	0.8	0.8

(e) Terms and conditions

Sales of finished goods and purchases of raw materials from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. There are no fixed terms for the repayment of loans between the parties.

The terms and conditions of the tax funding agreement are set out in note 30(d)(ii)).

Outstanding balances are unsecured and are repayable in cash.

Other director transactions with Group entities

Transactions with related parties of directors of subsidiaries within the BlueScope Steel Group total \$1.8M (2021: \$1.5M). These transactions have been made on commercial arm's length terms and conditions.

30 Parent entity financial information

(a) Summary financial information

Summarised Statement of comprehensive income

	Consolidated	
	2022	2021
	\$M	\$M
Revenue	4,438.3	4,081.9
Other Income	9.6	0.9
Net impairment write-back of non-current assets	59.2	22.3
Finance costs	(60.1)	(65.4)
Other expenses	(4,490.3)	(3,459.1)
Net profit (loss) before income tax	(43.3)	580.6
Income tax (expense) benefit	33.3	(18.4)
Net profit (loss) for the year	(10.0)	562.2
Other comprehensive income for the year	10.4	17.2
Total comprehensive income for the year	0.4	579.4

Summary of movements in retained losses

	Consolidated	
	2022	2021
	\$M	\$M
Retained losses at the beginning of the year	(1,608.7)	(1,608.7)
Net profit (loss) for the year	(10.0)	562.2
Transfer to profits reserve	-	(562.2)
Retained losses at the end of the year	(1,618.7)	(1,608.7)

Summarised Statement of financial position

	Consolidated	
	2022	2021
	\$M	\$M
Assets		
Current assets	3,433.7	1,862.7
Non-current assets	3,624.6	3,718.8
Total assets	7,058.3	5,581.5
Liabilities		
Current liabilities	3,257.7	739.0
Non-current liabilities	119.3	137.8
Total liabilities	3,377.0	876.8
Net assets	3,681.3	4,704.7
Equity		
Contributed equity	2,987.7	3,650.8
Share-based payments reserve	37.3	54.1
Hedge reserve	16.9	6.5
Profits reserve	2,258.1	2,602.0
Retained losses	(1,618.7)	(1,608.7)
Total equity	3,681.3	4,704.7

Profits reserve

Profits reserve represents profits available for distribution to BlueScope Steel Limited shareholders as dividends.

30 Parent entity financial information (continued)

(b) Guarantees entered into by the parent entity

In Australia, the parent entity has given \$88.7M (2021: \$88.9M) in guarantees to various state workers compensation authorities as a prerequisite for self-insurance and has entered into a deed of cross-guarantee with certain Australian wholly-owned subsidiaries note (31). Additionally, the parent entity has provided financial guarantees in respect to subsidiaries amounting to:

	Parent entity	
	2022	2021
	\$M	\$M
Bank overdrafts and loans of subsidiaries	1,077.7	1,271.5
Other loans (unsecured)	436.2	399.3
Trade finance facilities	218.1	199.6
	1,732.0	1,870.4

(c) Capital commitments

As at 30 June 2022, the parent entity had capital commitments of \$32.8M (2021: \$21.6M). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

(d) Recognition and measurement

The financial information for the parent entity BlueScope Steel Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the financial statements of BlueScope Steel Limited.

(ii) Tax consolidation legislation

BlueScope Steel Limited and its wholly-owned Australian controlled entities have entered into a tax sharing and funding agreement in relation to their participation in the tax consolidation regime. Under the terms of this agreement, the wholly-owned entities reimburse BlueScope Steel Limited for any current tax payable assumed and are compensated by BlueScope Steel Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to BlueScope Steel Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from BlueScope Steel Limited, which is issued as soon as practicable after the end of each financial year. BlueScope Steel Limited may require payment of interim funding amounts to assist with its obligations to pay tax instalments.

The tax sharing agreement limits the joint and several liability of the wholly-owned entities in the case of a default by BlueScope Steel Limited. At balance date, the possibility of default is considered remote.

The tax consolidated group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group. Intercompany receivables of \$389.9M (2021: \$153.5M) and nil intercompany payables (2021: \$1.3M) of BlueScope Steel Limited have been recognised as a tax consolidated adjustment.

31 Deed of cross - guarantee

BlueScope Steel Limited and certain Australian wholly owned subsidiaries are parties to a deed of cross-guarantee (Deed) under which each company guarantees the debts of the others. The companies in the Deed are as follows:

Amari Wolff Steel Pty Ltd
BlueScope Building and Construction Ltd
BlueScope Distribution Pty Ltd
BlueScope Pacific Steel (Fiji) Pty Limited
BlueScope Steel Limited
BlueScope APT Holdings Pty Ltd
BlueScope Water Australia Pty Ltd
Fielders Manufacturing Pty Ltd
Lysaght Building Solutions Pty Ltd
Laser Dynamics Australia Pty Ltd
Metalcorp Steel Pty Ltd
New Zealand Steel (Aust) Pty Ltd
Orrcon Distribution Pty Ltd
Orrcon Manufacturing Pty Ltd
Permalite Aluminium Building Solutions Pty Ltd
The Roofing Centre (Tasmania) Pty Ltd

By entering into the deed, wholly owned subsidiaries which are large proprietary companies have been relieved from their requirement to prepare a financial report and Directors' report under ASIC (wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

(a) Consolidated income statement and a summary of movements in consolidated retained losses

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross-guarantee that are controlled by BlueScope Steel Limited, they also represent the 'extended closed group'.

	2022 \$M	2021 \$M
Statement of comprehensive income		
Revenue	5,685.7	4,911.6
Other income	10.1	0.7
Changes in inventories of finished goods and work in progress	350.8	56.9
Raw materials and consumables used	(4,308.3)	(2,947.2)
Employee benefits expense	(754.4)	(636.5)
Depreciation and amortisation expense	(130.5)	(121.6)
Net impairment (expense) of non-current assets	(47.5)	(0.5)
Freight on external despatches	(324.1)	(282.0)
External services	(278.2)	(246.7)
Finance costs	(66.9)	(73.4)
Other expenses from ordinary activities	(137.7)	(90.5)
Profit (loss) before income tax	(1.0)	570.8
Income tax (expense)	(13.8)	(36.2)
Net profit (loss) for the year	(14.8)	534.6
Other comprehensive income for the year	11.3	17.8
Total comprehensive income (loss) for the year	(3.5)	552.4

	2022 \$M	2021 \$M
Summary of movements in consolidated retained losses		
Retained losses at the beginning of the year	(1,589.2)	(1,561.6)
Net profit (loss) for the year	(14.8)	534.6
Transfer to profits reserve	-	(562.2)
Retained losses at the end of the year	(1,604.0)	(1,589.2)

31 Deed of cross - guarantee (continued)

(b) Statement of financial position

	2022 \$M	2021 \$M
Current assets		
Cash and cash equivalents	0.2	0.2
Trade and other receivables	2,839.9	1,687.7
Contract assets	1.5	2.6
Inventories	1,245.7	685.7
Deferred charges and prepayments	19.4	18.6
Total current assets	4,106.7	2,394.8
Non-current assets		
Trade and other receivables	6.5	4.4
Inventories	24.6	23.7
Other financial assets	2,458.0	2,465.4
Property, plant and equipment	677.2	692.0
Right-of-use assets	160.4	172.8
Deferred tax assets	77.1	269.0
Intangible assets	71.3	16.6
Deferred charges and prepayments	8.3	13.2
Total non-current assets	3,483.4	3,657.1
Total assets	7,590.1	6,051.9
Current liabilities		
Trade and other payables	947.1	740.6
Borrowings	2,217.3	50.8
Lease liabilities	51.6	50.1
Provisions	284.6	206.4
Contract liabilities	24.2	24.2
Current tax liabilities	139.3	-
Total current liabilities	3,664.1	1,072.1
Non-current liabilities		
Trade and other payables	15.3	17.8
Lease liabilities	154.4	174.7
Provisions	58.4	61.9
Deferred income	0.7	0.9
Total non-current liabilities	228.8	255.3
Total liabilities	3,892.9	1,327.4
Net assets	3,697.2	4,724.5
Equity		
Contributed equity	2,987.7	3,650.8
Share-based payments reserve	37.3	54.1
Hedging reserve	18.1	6.8
Profits reserve	2,258.1	2,602.0
Retained losses	(1,604.0)	(1,589.2)
Total equity	3,697.2	4,724.5

32 Financial instruments and risk

(a) Financial assets and liabilities

	Notes	Debt instruments at amortised cost \$M	Equity instruments at FVOCI \$M	Derivative instruments at fair value \$M	Financial liabilities at amortised cost \$M	Total carrying amount \$M
30 June 2022						
Financial assets						
Receivables	6	2,173.1	-	-	-	2,173.1
Equity investment	22	-	30.2	-	-	30.2
Derivative financial instruments	32(d)	-	-	91.6	-	91.6
		2,173.1	30.2	91.6	-	2,294.9
Financial liabilities						
Payables	9	-	-	-	(2,714.5)	(2,714.5)
Borrowings	16	-	-	-	(777.2)	(777.2)
Lease liabilities	17(c)	-	-	-	(538.4)	(538.4)
Derivative financial instruments	32(d)	-	-	(1.4)	-	(1.4)
		2,173.1	30.2	90.2	(4,030.1)	(1,736.6)
30 June 2021						
	Notes	Debt instruments at amortised cost \$M	Equity instruments at FVOCI \$M	Derivative instruments at fair value \$M	Financial liabilities at amortised cost \$M	Total carrying amount \$M
Financial assets						
Receivables	6	1,651.2	-	-	-	1,651.2
Equity investment	22	-	27.9	-	-	27.9
Derivative financial instruments	32(d)	-	-	29.1	-	29.1
		1,651.2	27.9	29.1	-	1,708.2
Financial liabilities						
Payables	9	-	-	-	(2,235.8)	(2,235.8)
Borrowings	16	-	-	-	(622.5)	(622.5)
Lease liabilities	17(c)	-	-	-	(541.3)	(541.3)
Derivative financial instruments	32(d)	-	-	(16.3)	-	(16.3)
		1,651.2	27.9	12.8	(3,399.6)	(1,707.7)

(b) Risk management

The Board of Directors has overall responsibility for overseeing the management of financial risks, and approves policies for financial risk management with the objective of supporting the delivery of financial targets while protecting future financial security.

The Group's Audit Committee regularly reviews the financial risk management framework to ensure it is appropriate when considering any changes in market conditions. It reviews financial risk management controls and procedures and oversees how management monitors compliance with these, and monitors the levels of exposure to fluctuations in commodity prices, interest rates, and foreign exchange rates.

32 Financial instruments and risk (continued)

Risk	Exposure arising from	Measurement	Management
Foreign exchange Risk	Foreign currency payables and receivables (primarily USD) and net investments in foreign currency.	Sensitivity analysis and cash flow forecasting	Hedged with forward foreign exchange contracts or internal (net investment) of foreign operations as disclosed in note (c).
Interest rate risk	Floating interest rate bearing liabilities (2022: \$315.3M, 2021: \$194.2M) and investments in cash and cash equivalents (2022: \$1,682.7M, 2021: \$1,961.9M).	Sensitivity analysis	The profit impact from a reasonably possible movement in interest rates (+/- 100 basis points) is +/- \$10.4M net of tax.
Commodity price risk	International steel prices (primarily hot rolled coil and slab), and commodity prices including iron ore, coal, scrap, zinc, aluminium, electricity and brent oil.	Sensitivity analysis	Forward commodity contracts as disclosed in note (c). The equity impact from a reasonably possible movement in brent oil prices (+/- 10 %) is +/- \$5.0M net of tax.
Liquidity risk	Difficulty in meeting obligations associated with financial liabilities.	Rolling cash flow forecasts	The Group's net exposure to liquidity risk is not significant based on available funding facilities and cash flow forecasts. Refer to note 16(b) for a summary of the Group's material financing facilities. When undertaking financing facilities, the Group takes into account a liquidity buffer which is reviewed at least annually.
Credit risk (Counter-parties/Geographical)	<ul style="list-style-type: none"> • Possibility that counterparties to the Group's financial assets, including cash, receivables and derivative financial instruments, will fail to settle their obligations under their contracts. • Large number of customers internationally dispersed with trades in several major geographical regions. • Regions in which the Group has a significant credit exposure are Australia, USA, China, South-East Asia and New Zealand. • Significant transactions with major customers, being Kanji Group, Southern Group, Liberty OneSteel and Fletcher Building Group within the Australian and New Zealand operations and Worthington Industries Inc. within the North American operations. 	Ageing analysis and fair value exposure management	<ul style="list-style-type: none"> • Establish credit approvals and limits, including the assessment of counterparty creditworthiness. • Undertake monitoring procedures such as periodic assessments of the financial viability of its counterparties and reviewing terms of trade. • Obtain letters of credit from financial institutions to guarantee the underlying payment from trade customers. • Undertake debtor insurance to cover selective receivables for both commercial and sovereign risks.

32 Financial instruments and risk (continued)

(c) Foreign currency risk exposure and sensitivity analysis (A\$/US\$)

	Consolidated	
	2022 \$M	2021 \$M
Cash and cash equivalents	23.7	31.8
Trade and other receivables	28.8	18.9
Forward foreign exchange contracts	3.8	3.9
Forward commodity contracts	33.8	12.3
Commodity option	11.7	12.9
Financial assets	101.8	79.8
Trade and other payables	334.8	130.3
Borrowings	35.3	49.6
Financial liabilities	370.1	179.9
Net exposure	(268.3)	(100.1)

Judgement of reasonably possible movements:	Post-tax profit higher (lower)		Equity higher (lower)	
	2022 \$M	2021 \$M	2022 \$M	2021 \$M
A\$/US\$ + 10% (2021: +10%)	18.5	7.6	18.5	7.6
A\$/US\$ - 10% (2021: -10%)	(23.1)	(9.9)	(23.1)	(9.9)

(d) Commodity price and foreign exchange risk management

The Group uses derivative instruments to manage commodity price risk and foreign exchange risk by entering into forward contracts. Derivatives are used only for the purposes of managing these risks and not for speculative purposes.

	Consolidated			
	2022	Non- current \$M	2021	Non- current \$M
	Current \$M	Current \$M	Current \$M	Current \$M
Forward foreign exchange contracts - cash flow hedges (i)	3.9	-	3.9	-
Commodity option (iii)	-	11.6	-	12.9
Forward commodity contracts - cash flow hedges (ii)	25.2	8.6	6.5	5.8
Solar PPA (iv)	22.1	20.2	-	-
Financial assets	51.2	40.4	10.4	18.7
Forward foreign exchange contracts - fair value hedges (i)	1.4	-	-	-
Electricity forward commodity contracts - cash flow hedges (ii)	-	-	3.5	-
Solar PPA (iv)	-	-	-	12.8
Financial liabilities	1.4	-	3.5	12.8
Net exposure	49.8	40.4	6.9	5.9

(i) Forward foreign exchange contracts

The Group has entered into forward foreign exchange contracts designated as cash flow hedges relating to foreign currency sales and purchases, plant and equipment purchases and hedging of net working capital exposures. For the cash flow hedges relating to future commitments not recognised in the statement of financial position the effective portion of gains and losses are recognised directly in equity. Otherwise they are being marked to market through the profit and loss in line with the Group's risk management strategy.

(ii) Forward commodity contracts

In September 2019, the Group entered into a Gas Supply Agreement with Esso Australia for its Australian business from 1 January 2021 to 31 December 2025, with the contract price linked to Brent Oil in US dollars. Given exposure to a variable Brent Oil price, 95% of the first three year's exposure has been hedged. Both of these forward contracts have been designated as cash flow hedges with the effective portion of gains and losses recognised directly in equity.

32 Financial instruments and risk (continued)

(iii) Commodity option

As part of the sale agreement of New Zealand Steel Mining Limited to Taharoa Mining Investments Limited (TMIL), BlueScope is eligible to receive future royalties of US\$1.66 per dry metric tonne (DMT) when the Platts Index Quotation is equal or greater than US\$65 per DMT. The royalty period is for iron sand shipments made between years 2 and 11 from 1 May 2017. The royalty agreement ends on 10 May 2028.

The key inputs impacting the value of the derivative are the Platts index iron ore price, the historical volatility of iron ore prices, the credit worthiness of TMIL and production risk. The royalty was valued at US\$7.9M as at 30 June 2022 (June 2021: US\$9.6M). The royalty value is reassessed at each reporting date with any movement in the fair value of the derivative fair valued through the profit and loss and included in discontinued operations. Royalties received for the year was \$6.0M (June 2021: \$6.6M).

(iv) Solar PPA

The Group entered into a solar power purchase agreement (PPA) in June 2018 for a period of seven years from the commencement of commercial production. The solar farm is situated in Finley NSW. The project was completed in two stages with Stage 1 involving the construction of an 88MW facility, completed in November 2019 and Stage 2 construction of an additional 45M, completed in February 2020. The Group's percentage offtake is equal to 100% of Stage 1 (or 66% of the total solar farm output). The Group has no involvement in financing, operating and maintaining the solar farm.

The PPA is not a physical electricity supply contract. It operates as a "contract for differences" (CfD) whereby the parties have agreed to a 'strike price'. If the NSW electricity spot price is higher than the strike price then the solar farm will pay the difference to the company and vice versa if the spot price is lower than the strike price. The CfD is a derivative and is required to be fair valued at each reporting date with any movements recorded in the profit or loss.

The key inputs impacting the value of the derivative are the strike price, the contract period, forward NSW electricity spot prices (Level 3 unobservable input), future estimates of the Group's share of solar output and the credit worthiness of the service provider. The 30 June 2022 PPA derivative receivable was valued at \$42.2M (June 2021: payable \$12.8M). The fair value significantly increased due to higher forecast future spot electricity prices. The profit impact from a reasonably possible movement in spot electricity prices (+/- 10 %) is +/- \$5.9M net of tax.

(e) Fair values

The carrying amounts and estimated fair values of the Group's financial instruments recognised in the financial statements are materially the same, with the exception of the following:

	2022		2021	
	Carrying amount \$M	Fair value \$M	Carrying amount \$M	Fair value \$M
<i>Non-traded financial liabilities</i>				
Other loans	436.2	444.2	399.3	432.0
Net assets (liabilities)	(436.2)	(444.2)	(399.3)	(432.0)

The fair value of interest bearing financial liabilities where no market exists is based upon discounting the expected future cash flows by the current market interest rates on liabilities with similar risk profiles that are available to the Group (level 3).

Valuation of financial instruments

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 - inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Derivatives valued using valuation techniques with market observable inputs are primarily foreign exchange forward contracts and commodity forward contracts. These valuations reference forward pricing using present value calculations. The forward price incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, and forward rate curves of the underlying commodity. The fair value of forward commodity exchange contracts and forward foreign exchange contracts are considered level 2 valuations (note 32(d)) and the commodity royalty option is considered level 3.

32 Financial instruments and risk (continued)

(f) Recognition and measurement of derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The relationship between hedging instruments and hedged items, the risk management objective and the strategy for undertaking hedge transactions, is documented at the inception of the hedge transaction. The effectiveness of the derivatives in offsetting changes in the cash flows of hedged items is assessed and documented on an ongoing basis.

(i) Cash flow hedges

Changes in the fair value of derivatives that are designated as cash flow hedges are recognised in the profit or loss for hedges of recognised working capital items, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Cash flow hedges for forecast items are recognised in the other comprehensive income and accumulated in the hedging reserve in equity. The gain or loss relating to the effective portion is recognised in other comprehensive income and accumulated in the hedging reserve, whilst ineffective portions are recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in the hedging reserve are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in the hedging reserve are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation in the case of fixed assets.

(ii) Net investment in foreign operations

Net investments in foreign operations are accounted for similarly to cash flow hedges. Gains and losses accumulated in the foreign currency translation reserve are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

(iv) Discontinuation of hedge accounting

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the hedging reserve is immediately reclassified to profit or loss.

33 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group, and its related practices:

	Consolidated	
	2022	2021
	\$'000	\$'000
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	2,598	2,236
Fees for other assurance services under legislation	-	-
Fees for other assurance and agreed-upon-procedures services where there is discretion as to whether the service is provided by the auditor or another firm		
- Debt refinancing	-	-
- Environmental compliance	-	-
Fees for other services		
- Tax compliance	56	35
- Advisory related	411	1,157
Total fees to Ernst & Young (Australia)	3,065	3,428
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	2,719	2,602
Fees for other assurance services under legislation	-	-
Fees for other assurance and agreed-upon-procedures services where there is discretion as to whether the service is provided by the auditor or another firm		
Fees for other services		
- Tax compliance	13	40
Total fees to overseas member firms of Ernst & Young (Australia)	2,732	2,642
Total auditor's remuneration	5,797	6,070
Comprising:		
Total fees for audit services	5,317	4,838
Total fees for other services	480	1,232

34 Other accounting policies

(a) New Accounting Standards and Interpretations adopted by the Group

There were no new accounting standards and no interpretations having a material impact on the financial statements of the Group for the year ended 30 June 2022.

(b) New Accounting Standards and Interpretations not yet adopted by the Group

Certain new Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 2020-1 Amendments to AASs- Classification of Liabilities as Current or Non-current (effective 1 July 2024)

A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. The AASB recently issued amendments to AASB 101 to clarify the requirements for classifying liabilities as current or non-current. Specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management intention or expectation does not affect classification of liabilities.
- In cases where an instrument with a conversion option is classified as a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current.
- Specifying that conditions with which an entity must comply after the reporting period do not affect the classification at the reporting date.
- Adding presentation and disclosure requirements for non-current liabilities subject to conditions in the next 12 months.
- Clarifying specific situations in which an entity does not have a right to defer settlements for at least 12 months after the reporting date.

The Group does not expect these amendments to have any significant impact on the Group's current classification of current and non-current liabilities.

34 Other accounting policies (continued)

(ii) Amendments to AASB 137 Provisions, Contingent Liabilities and Contingent Assets (effective 1 July 2022)

The amendment clarifies that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Group does not expect this amendment to have any significant impact on the Group's financial statements.

(c) Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(ii) Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold, a proportionate share of such exchange differences is reclassified to profit or loss as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(d) Other taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

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

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

Directors' Declaration

BLUESCOPE STEEL LIMITED
FOR THE YEAR ENDED 30 JUNE 2022

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 78 to 144 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 31 will be able to meet any liabilities to which they are, or may become, subject by virtue of the deed of cross-guarantee described in note 31, and
- (d) the financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



J Bevan
Chairman



M Vassella
Managing Director & CEO

15 August 2022



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Independent auditor's report to the members of BlueScope Steel Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of BlueScope Steel Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.



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1. Carrying value of property, plant & equipment (PPE) and intangible assets (including goodwill)

Why significant	How our audit addressed the key audit matter
<p>As required by Australian Accounting Standards the Group annually tests goodwill for impairment and tests other non-current assets where indicators of impairment or impairment reversals exist using a discounted cash flow model to estimate the recoverable value.</p> <p>At 30 June 2022, the Cash Generating Units (CGUs) with significant goodwill balances include North Star BlueScope Steel (goodwill balance of \$1,130m), Coil Coaters North America (provisional goodwill balance of \$558m) and Buildings North America (goodwill balance of \$318m). The CGUs with a significant PPE balance are Australian Steel Products (PPE balance of \$2,242m) and North Star BlueScope Steel (PPE balance of \$1,819m).</p> <p>An impairment reversal of \$46m has been recorded during the period relating to PPE in the Building Products Thailand CGU that was previously impaired.</p> <p>The carrying value of PPE and intangible assets, (including goodwill) was a key audit matter due to the significance of these balances, the complex judgements in the impairment assessment process such as forecast foreign exchange rates, steel, iron ore, coal pricing and domestic sales volumes that are affected by future market or economic conditions.</p> <p>The Group's disclosures are included in Note 14 of the financial report, which specifically explain the key operating assumptions used; and sensitivity of changes in the key assumptions which could give rise to an impairment loss of the PPE and intangible assets (including goodwill) balance, or impairment reversal on previously impaired PPE balances, in the future.</p>	<p>Our audit procedures included assessing the appropriateness of the Group's determination of its CGUs where impairment testing was performed, taking into consideration the levels at which management monitors business performance and the interdependency of cash flows.</p> <p>In respect of the Group's cashflow forecasts, for relevant CGUs, where indicators of impairment or impairment reversal were present or in CGUs that contained significant goodwill balances as at 30 June 2022, we:</p> <ul style="list-style-type: none">▶ Assessed key assumptions such as forecast steel, iron ore and coal pricing, foreign exchange rates and domestic sales volumes in comparison to external independent data where relevant▶ Assessed the Group's results in comparison to historical forecasts to assess forecast accuracy▶ Compared future cash flows to board approved budgets▶ Assessed the Group's assumptions for long term growth rates in comparison to economic and industry forecasts▶ Assessed the adequacy of capital expenditure forecasts▶ Assessed discount rates through comparing the cost of capital for the Group with comparable businesses▶ Assessed the Group's assumptions related to climate change risks and capital expenditure and costs required to meet its committed decarbonisation plans▶ Considered the EBITDA multiples against comparable companies as a valuation cross check▶ Tested the mathematical accuracy of the discounted cash flow model.▶ Assessed whether the required impairment reversal was appropriately recorded in the financial statements. <p>Where considered necessary, we performed a sensitivity analysis in respect of the assumptions noted above which were considered to have the most significant impact on carrying values, to ascertain the extent of changes in those assumptions which either individually or collectively would be required for the PPE and intangible assets (including goodwill) to be impaired, or for a previous impairment to be reversed where applicable. We assessed the likelihood of these changes in assumptions arising.</p> <p>We assessed the adequacy of the Group's disclosures of those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of PPE and intangible assets (including goodwill).</p>



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2. Business Combinations

Why significant	How our audit addressed the key audit matter
<p>On 17 December 2021 the Group acquired the North American ferrous scrap recycling business of MetalX, for consideration of \$307m. This business is now known as BlueScope Recycling. As a result of this acquisition a goodwill balance of \$157m has been recognised.</p> <p>On 28 June 2022, BlueScope acquired the Coil Coaters business in North America for consideration of \$711m. As a result of this acquisition, a provisional goodwill balance of \$545m has been recognised.</p> <p>Accounting for these transactions was complex, requiring judgement to be exercised to determine the provisional fair value of acquired assets and liabilities assumed.</p> <p>Disclosure in relation to these acquisitions can be found at Note 21 of the financial report.</p>	<p>For each of the acquisitions we performed the following procedures:</p> <ul style="list-style-type: none">▶ Read the purchase agreements to gain an understanding of the key terms and conditions and assessed whether the appropriate accounting treatments applied were in accordance with Australian Accounting Standards.▶ Assessed the total consideration paid. <p>Where applicable, with the involvement of our valuation specialists, we assessed the:</p> <ul style="list-style-type: none">▶ Reasonableness of the valuation assumptions used by the Group's external experts in their determination of the provisional fair value of the acquired assets and liabilities and the amount recognised as goodwill;▶ Competence, qualifications and objectivity of the external experts;▶ Recording of the provisional fair values in the financial report. <p>We assessed the adequacy of the related financial report disclosures included at Note 21.</p>

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



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- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 42 to 72 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of BlueScope Steel Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Matthew Honey

Partner

Melbourne

15 August 2022

Section

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Extended financial history



10 Year Financial History

A\$M unless marked; years ended 30 June	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Income Statement Key Items										
Total Revenue ¹	7,290	8,007	8,572	9,203	10,758	11,578	12,586	11,324	12,902	19,030
EBITDA ² - Reported	339	430	640	1,010	1,425	1,840	1,754	844	2,246	4,398
- Underlying	391	538	663	963	1,484	1,645	1,761	1,099	2,212	4,337
EBIT ⁽²⁾ - Reported	23	102	297	622	1,045	1,463	1,341	310	1,759	3,849
- Underlying	77	217	326	582	1,105	1,269	1,348	564	1,724	3,787
NPAT - Reported	(107)	(82)	136	354	716	1,569	1,016	97	1,193	2,810
- Underlying	(2)	77	161	307	652	826	966	353	1,166	2,701
Segment underlying EBIT										
Australian Steel Products	(55)	48	150	361	459	587	535	305	674	1,298
North Star BlueScope Steel	67	105	107	147	407	431	655	190	677	1,900
Building Products Asia & North America	100	104	108	163	209	185	134	155	334	419
Buildings and Coated Products North America	(6)	7	32	34	58	75	53	38	88	97
New Zealand and Pacific Islands	34	32	(7)	(40)	61	112	81	(6)	130	229
Corporate & Group	(63)	(80)	(65)	(81)	(89)	(109)	(114)	(124)	(137)	(160)
Inter-segment	(1)	2	0	(1)	1	(11)	4	6	(42)	4
Continuing businesses underlying EBIT	77	217	326	582	1,105	1,269	1,348	564	1,724	3,787
Financial Performance Measures										
Return on invested capital ³	1.8%	4.5%	6.4%	9.5%	18.5%	20.0%	19.5%	7.6%	24.8%	41.6%
Return on equity ⁴	-0.1%	1.9%	3.8%	6.7%	13.5%	15.3%	14.4%	5.1%	17.2%	30.7%
Capital, Earnings Per Share & Dividends										
Weighted average number of ordinary shares	(millions)	558.2	558.6	561.2	570.1	571.1	556.8	534.9	507.3	503.6
Earnings per share (reported) ⁵	¢/s	(19.2)	(14.8)	24.3	62.1	125.3	281.8	189.9	19.0	237.0
Earnings per share (adjusted) ⁶	¢/s	(19.1)	(14.8)	24.3	62.1	125.3	281.8	189.9	19.0	237.0
Dividends per share	¢/s	0.0	0.0	6.0	6.0	9.0	14.0	14.0	50.0	50.0

A\$M unless marked; years ended 30 June	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cash Flow Summary										
Net cash inflow (outflow) from operating activities	161	407	539	952	1,132	1,141	1,682	818	1,658	2,472
Net cash inflow (outflow) from investing activities	(310)	(438)	(411)	(1,290)	(408)	(380)	(388)	(570)	(757)	(1,760)
Net cash inflow (outflow) from financing activities	429	(15)	(115)	368	(509)	(582)	(606)	(484)	(296)	(1,051)
Net increase (decrease) in cash held	281	(45)	13	30	215	179	688	(236)	605	(339)
Financial Position										
Total assets	7,331	7,519	7,878	9,149	9,575	10,931	11,696	11,560	13,149	16,610
Total liabilities	2,871	3,062	3,138	4,163	4,037	4,043	4,355	4,521	4,989	6,162
Net assets	4,460	4,457	4,739	4,985	5,539	6,888	7,342	7,040	8,160	10,448
Net Operating Assets (pre-tax)	4,441	4,664	4,888	5,750	5,803	6,538	6,417	6,724	7,493	10,679
Net Debt / (Cash)	148	262	275	778	232	(64)	(693)	(79)	(798)	(367)
Gearing (net debt / net debt plus equity)	3.2%	5.5%	5.5%	13.5%	4.0%	n/a	n/a	n/a	n/a	n/a

¹ Excludes the Company's 50% share of North Star BlueScope Steel revenue until 30 October 2015. Includes revenue other than sales revenue. Includes revenue from discontinued businesses - that is, total revenue has not been restated for sale or closure of any businesses after that date.

² Includes 50% share of net profit from North Star BlueScope Steel until 30 October 2015, and 100% consolidated profit thereafter.

³ Return on invested capital is defined as underlying earnings before interest and tax over average monthly capital employed.

⁴ Return on equity is defined as underlying net profit after tax attributable to shareholders over average monthly shareholders' equity.

⁵ Per share calculation has not been restated for the six for one share consolidation undertaken in December 2012, and adjustments required in applying the revised AASB119 Employee Benefits standard in 2013.

⁶ In accordance with AASB 133 Earnings per Share, comparative earnings per share calculations have been restated for the six for one share consolidation undertaken in December 2012, and adjustments required in applying the revised AASB119 Employee Benefits standard in 2013.

Underlying results are re-stated for all periods for re-classifications of any businesses to discontinued.

- businesses re-classified to discontinued - Lysaght Taiwan (2006), Packaging Products (2006), Vistawall (2007), Metl-Span (2012), Building Solutions Australia (2015), Taharoa Export Iron Sands (2017), Buildings ASEAN (2018)

Section

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Shareholder information and corporate directory



Shareholder Information

As at 25 July 2022

Distribution Schedule

Range	No of Holders	Securities	%
1 to 1,000	61,380	17,378,780	3.69
1,001 to 5,000	11,258	23,269,000	4.95
5,001 to 10,000	1,037	7,266,798	1.54
10,001 to 100,000	474	10,876,024	2.31
100,001 and over	46	411,811,786	87.51
Total	74,195	470,602,388	100.00

Based on a closing share price of \$16.23 on 25 July 2022, the number of shareholders holding less than a marketable parcel of 31 shares is 6,019 and together they hold 94,506 shares.

Twenty Largest Registered Shareholders

Rank	Name	Securities	%IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	175,900,704	37.38%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	95,182,622	20.22%
3	CITICORP NOMINEES PTY LIMITED	62,783,971	13.34%
4	NATIONAL NOMINEES LIMITED	22,209,915	4.72%
5	BNP PARIBAS NOMS PTY LTD	16,158,500	3.43%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	7,099,164	1.51%
7	BNP PARIBAS NOMINEES PTY LTD	5,995,866	1.27%
8	PACIFIC CUSTODIANS PTY LIMITED	4,638,841	0.98%
9	CITICORP NOMINEES PTY LIMITED	2,989,463	0.63%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	2,790,419	0.59%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,686,900	0.57%
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	1,813,958	0.39%
13	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD	1,493,079	0.32%
14	PACIFIC CUSTODIANS PTY LTD	1,456,310	0.31%
15	BUTTONWOOD NOMINEES PTY LTD	1,259,218	0.27%
16	BNP PARIBAS NOMINEES PTY LTD	992,160	0.21%
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	931,970	0.20%
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	841,604	0.18%
19	BNP PARIBAS NOMINEES PTY LTD	829,364	0.18%
20	ALLESSAV NOMINEES PTY LTD	733,718	0.16%
		TOTAL	408,787,746
		Balance of Register	61,814,642
		Grand TOTAL	470,602,388
			100.00%

Substantial Shareholders

As at 25 July 2022, the Company has been notified of the following substantial shareholdings:

Name	Number of securities held*
BlackRock Group	35,797,232
State Street Corporation	23,768,280

*as at the date of the relevant substantial shareholder notice

On-Market Share Buy-Back

On 16 August 2021, the Company announced its intention to undertake an on-market share buy-back of up to \$500 million. A total of \$285 million was spent up to 31 December 2021. On 21 February 2022, BlueScope announced an increase in the buy-back program to allow up to a further \$700 million to be bought over the next 12 months. A total of \$353 million was spent in the six months to 30 June 2022.

Voting Rights for Ordinary Shares

The Constitution provides for votes to be cast:

- (a) on a show of hands, one vote for each shareholder; and
- (b) on a poll, one vote for each fully paid share.

Securities purchased on-market

3,000,000 securities were purchased on-market under or for the purposes of an employee incentive scheme, with the average price paid per security being \$22.1807.

Unquoted equity securities

There are 3,580,269 employee share/alignment rights on issue which are held by 301 holders.

Stock exchanges on which our debt securities are listed

Debt securities (Unsecured Guaranteed Euro Medium Term Notes) are listed on the Singapore Stock Exchange (SGX).

Corporate Directory

Directors	J A Bevan <i>Chairman</i> M R Vassella <i>Managing Director and Chief Executive Officer</i> E G W Crouch AM R P Dee-Bradbury J M Lambert K M Conlon K Johnson Z Zhang
Secretaries	P S Grau D J Counsell
Management Team	M R Vassella <i>Managing Director and Chief Executive Officer</i> T J Archibald <i>Chief Financial Officer</i> D J Counsell <i>Chief Legal Officer</i> P Finan <i>Chief Executive North America</i> J Nowlan <i>Chief Executive Australian Steel Products</i> G Stephens <i>Chief Executive Climate Change & Sustainability</i> A Garey <i>Chief Strategy & Transformation Officer</i> K Keast <i>Chief Executive People & North American Development</i> C Zhang <i>Chief Executive NS BlueScope</i> R Davies <i>Chief Executive New Zealand & Pacific Islands</i> X Huang <i>President, BlueScope China</i>
Notice of Annual General Meeting	The Annual General Meeting of BlueScope Steel Limited will be held at The Grand Ballroom, Novotel Northbeach Hotel, 2-14 Cliff Road, North Wollongong, NSW, on Tuesday 22 November 2022 at 10:00am. Shareholders can attend in person or online at https://meetings.linkgroup.com/BSL22
Corporate Governance Statement	An overview of BlueScope Steel Limited's corporate governance structures is presented in the 2022 Corporate Governance Statement which is available online at: http://www.bluescope.com/about-us/governance
Registered Office	Level 11, 120 Collins Street, Melbourne, Victoria 3000 Telephone: +61 3 9666 4000 Fax: +61 3 9666 4111 Email: bluescopesteel@linkmarketservices.com.au Postal Address: PO Box 18207, Collins Street East, Melbourne, Victoria 8003
Share Registrar	Link Market Services Limited Level 12, 680 George Street, Sydney, NSW 2000 Postal address: Locked Bag A14, Sydney South, NSW 1235 Telephone (within Australia): 1300 855 998 Telephone (outside Australia): +61 1300 855 998 Fax: +61 2 9287 0303 Email: bluescopesteel@linkmarketservices.com.au
Auditor	Ernst & Young 8 Exhibition Street, Melbourne, Victoria 3000
Securities Exchange	BlueScope Steel Limited shares are quoted on the Australian Securities Exchange (ASX).
Website Address	www.bluescope.com



Read our reports at
bluescope.com

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Melbourne, Victoria 3000 Australia

bluescope.com

in   @BlueScope