



BlueScope Steel Limited

United Nations Global Compact Communication on Progress

Message from our Managing Director and CEO

Earlier this year I was proud to announce that BlueScope has joined the United Nations Global Compact, as further recognition of our commitment to human rights and good labour practices, to protecting the environment and to work against corruption.

This is our first Communication on Progress (COP), and an important opportunity to reiterate BlueScope's ongoing commitment to the UN Global Compact and its principles. BlueScope's FY2022 COP outlines our key activities in support of the UN Global Compact principles during the reporting period, building on our strong history of establishing and delivering on integrated strategy, targets and commitments to realise sustainable outcomes and to strengthen our communities for the future.

Over the next few pages we detail our approach, outcomes, metrics and key policies and documents related to the UN Global Compact's four key issue areas.

Our Bond and Our Purpose (included on the inside front cover of our FY2022 Sustainability Report), and **our Code of Conduct, How We Work** (available at bluescope.com) underpin our approach and activities for all issue areas, with additional Group-level publicly-available policies and procedures identified that are specific to each topic.



Mark Vassella
Managing Director & CEO



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



Our FY2022 Communication on Progress was published in our FY2022 Sustainability Data Supplement. Access the Supplement and our FY2022 Sustainability Report at bluescope.com



Issue area	Our approach (policies ¹ , procedures and activities)	Outcomes (degree to which targets/performance indicators have been met, other qualitative or quantitative measurement of results)	Reference
Human rights	<p>We are working to ensure our business activities and practices are aligned with the <i>UN Guiding Principles on business and Human Rights</i> and believe all people should be treated with dignity and respect. We want to ensure that our workplaces are a safe environment for all to speak up, be heard and feel welcome, and we continue to strengthen our governance arrangements to underpin our values.</p> <p>We are committed to driving positive social impact and to mitigate adverse impacts in our operations and through our supply chain. Our approach to responsible sourcing and supplier expectations is outlined in our Responsible Sourcing Framework, including our Responsible Sourcing Standard, our Supplier Code of Conduct and our approach to supplier segmentation, engagement and assessment. Our foundational role in the ResponsibleSteel™ Standard and certification process aims to drive improved performance in our own business and along our supply chains.</p>	<p>We updated our Human Rights Policy this year to reflect the evolution of our journey in Social Impact and Our Code of Conduct, <i>How We Work</i>. It also highlights the importance of working with our partners and our expectations right across the Group. See our Policy at bluescope.com.</p> <p>Our Social Impact Steering Committee facilitates BlueScope's human rights due diligence process. This year the Steering Committee completed an internal assessment to identify any adverse or potentially adverse, impacts arising from our business operations, products and partnerships. Read more about our five priority risk categories, and the steps we are taking in internal engagement and strengthening our grievance mechanisms in our FY2022 Modern Slavery Statement.</p> <p>Our supplier segmentation process includes over 1,000 suppliers, accounting for more than 90 per cent of spend by business unit. It is our initial screen for environmental, social and governance (ESG) risk exposure and is used to prioritise our sustainability related engagement with suppliers. Since this assessment framework was implemented in late 2019, over 400 assessments have been completed involving 308 suppliers. During the course of FY2022, 139 suppliers were assessed. Corrective action plans are in place for 14 per cent of our assessed suppliers. A key focus through FY2023 is to re-start our program of third-party on-site audits, which has been suspended due to COVID-19 related restrictions.</p>	<p>FY2022 Sustainability Report » Social Impact and human rights (page 36) » Supply chain sustainability (page 51)</p> <p>FY2022 Sustainability Data Supplement » Data tables (page 17)</p> <p>FY2022 Modern Slavery Statement, available at bluescope.com</p>
	<p>Key policies and documents:</p> <ul style="list-style-type: none"> » Speak Up Policy » Responsible Sourcing Standard » Supplier Code of Conduct 	<p>Metrics:</p> <ul style="list-style-type: none"> » Assessments completed for priority suppliers » Onsite assessments completed for suppliers » Onsite assessments completed for BlueScope's own sites 	

¹ Our inaugural Communication on Progress details our Group-level, publicly available policies and documents. These are further supported by detailed standards and guidance within our businesses.

Issue area	Our approach (policies ¹ , procedures and activities)	Outcomes (degree to which targets/performance indicators have been met, other qualitative or quantitative measurement of results)	Reference
Labour	<p>We are committed to creating a safe, healthy and inclusive workplace that values diversity, inspires creativity, supports capability and reflects the communities where we operate. We strive to achieve a workplace where everyone feels valued, has a sense of belonging, and can contribute in a meaningful way to our Company. We position inclusion and diversity as a strategic enabler, integrated and embedded within core business processes and activities.</p> <p>We are built on a culture of trust and direct engagement, where all BlueScope employees are encouraged to communicate openly with management regarding working conditions.</p> <p>We respect the rights of employees to freedom of association and voluntary collective bargaining in accordance with local laws.</p> <p>We support the elimination of all forms of forced or compulsory labour and the abolition of child labour and require our suppliers to do the same.</p>	<p>We continue to build a workforce which reflects the diversity of the communities in which we operate, and to encourage female participation across the organisation. This year we increased our overall percentage of women in the workforce to 24 per cent.</p> <p>We review pay equity as part of the annual remuneration review process. This year, we confirmed a minimal gap in pay differentials between men and women in similar roles, and introduced action plans where required.</p> <p>Approximately 30 per cent of our employees are covered by collective arrangements. We are built on a culture of trust and direct engagement, where all BlueScope employees are encouraged to communicate openly with management regarding working conditions. We respect the rights of employees to freedom of association and voluntary collective bargaining in accordance with local laws.</p> <p>The findings of our Social Impact Steering Committee's internal impact assessment this year will enhance our focus on key actual and potential risk areas, including forced labour. Read more about our five priority risk categories, and the steps we are taking in internal engagement and strengthening our grievance mechanisms in our FY2022 Modern Slavery Statement.</p>	<p>FY2022 Sustainability Report</p> <ul style="list-style-type: none"> » Culture and capability (page 30) » Social Impact and human rights (page 36) » Supply chain sustainability (page 51) <p>FY2022 Sustainability Data Supplement</p> <ul style="list-style-type: none"> » Data tables (page 13)
	<p>Key policies and documents:</p> <ul style="list-style-type: none"> » Inclusion & Diversity Policy » Health, Safety, Environment and Community Policy » Alcohol and Other Drugs Policy » Fitness for Work Policy » Supplier Code of Conduct 	<p>Metrics:</p> <ul style="list-style-type: none"> » Leaders participating in HSE Evolution workshops » HSE risk control improvement projects completed » Total recordable injury » Total recordable injury frequency rate (TRIFR) » Fatalities » Female representation (Board, Executive Leadership Team, Executives, Salaried, Operator/trade workforce, Total BlueScope) » Female recruitment (Total BlueScope, Operator trade roles) » Employee grievances 	

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Environment	<p>BlueScope is committed to protecting the environment. We operate our facilities with due respect for environmental laws, protecting the amenity of our community neighbours and the longer-term viability of shared, natural resources.</p> <p>We aim to have a proactive risk culture, and an integrated approach to managing risk to deliver strategic and commercial outcomes. Understanding risk, and our appetite for particular types of risk (including health, safety, environment and community), is a key consideration in our decision making.</p> <p>All businesses are encouraged to participate in our environmental recognition program, implementing environmental initiatives, documenting benefits and sharing lessons learnt across BlueScope to support our environmental aspirations. Many of our operating facilities, including our three steelmaking sites, also maintain ISO 14001 certification² for their environmental management systems.</p> <p>We investigate and apply environmentally friendly technologies to improve our resource and materials efficiency, reuse by-products and co-products, and to decarbonise our operations. Climate action is a core lever of our corporate strategy, with short and medium-term targets and longer-term goals to actively address climate change and invest in GHG emission reduction technologies as part of our objectives to transform BlueScope for long term success.</p>	<p>At BlueScope, how we manage health, safety and environment (HSE) is a great source of pride. Our people-centred approach to HSE leadership, risk management and culture – our HSE Evolution – aims to build capacity through building engagement and learning, and to leverage the knowledge and experience of our people to continuously improve. Across our business, we are implementing practical HSE risk control improvements to build resilience, whilst empowering our people who make and handle our products to be part of the solution. This year we completed 243 projects that strengthened our HSE controls. In addition, 53 environmental projects were submitted, engaging hundreds of employees, driving environmental improvement and contributing \$7 million per year in ongoing business savings.</p> <p>We strengthened our aspirations for land, air, water, waste, noise and energy/GHG emissions management this year, providing a new framework for developing group and business unit environmental targets and goals.</p> <p>This year we achieved an aggregate 3.6 per cent reduction in steelmaking GHG emissions intensity, and 3.7 per cent reduction in non-steelmaking GHG emissions intensity since FY2018 (the baseline for our 2030 targets). In FY2022 we progressed key projects on hydrogen electrolysis and breakthrough ironmaking technologies in collaboration with value chain partners.</p> <p>In FY2022, total water consumed (recycled and fresh water) reduced by 6.8 per cent since FY2018. 39 per cent of our total water consumption comes from recycled sources.</p>	<p>FY2022 Sustainability Report</p> <ul style="list-style-type: none"> » Health, safety and environment (page 23) » Climate change and energy transition (page 39) » Water stewardship (page 47) » Risk management (page 67) <p>FY2022 Sustainability Data Supplement</p> <ul style="list-style-type: none"> » Data tables (pages 12, 14-16)
	<p>Key policies and documents:</p> <ul style="list-style-type: none"> » Risk Management Policy » Health, Safety, Environment and Community Policy » Environmental Aspirations » Position on Climate Change 	<p>Metrics:</p> <ul style="list-style-type: none"> » Leaders participating in HSE Evolution workshops » HSE risk control improvement projects completed » GHG emissions – Steelmaking GHG emissions intensity, midstream GHG emissions intensity, Scope 1, 2, 3 GHG emissions » Water – fresh, recycled, total use, steel manufacturing fresh water intensity » Air emissions – Oxides of nitrogen, Sulphur dioxide, Fine particulates (<PM10) » Materials efficiency (% total outputs converted to products and co-products) » Aggregated recovered and recycled scrap steel use across BlueScope steelmaking operations » Incidents of environmental non-compliance 	
	<p>¹ Our inaugural Communication on Progress details our Group-level, publicly available policies and documents. These are further supported by detailed standards and guidance within our businesses.</p> <p>² ISO 14001 is the international standard that specifies requirements for an effective environmental management system (EMS).</p>		

Issue area	Our approach (policies ¹ , procedures and activities)	Outcomes (degree to which targets/performance indicators have been met, other qualitative or quantitative measurement of results)	Reference
Anti-corruption	<p>At BlueScope we are committed to ethical conduct and fostering a culture of speaking up when something isn't right.</p> <p>We aim to work against corruption in all its forms, including extortion and bribery. This commitment is reflected in Our Code of Conduct, <i>How We Work</i>, which outlines our expectations for BlueScope employees to act with integrity, and our position regarding the acceptance or offering of bribes or payments (including in kind) to secure or influence a business outcome or government decision. <i>How We Work</i> is published in 12 languages to ensure it is accessible to all employees and regular training is mandated.</p> <p>Our Ethics and Compliance function supports specialist Ethics and Compliance professionals in each business unit to manage and control compliance risk.</p>	<p>All BlueScope employees are required to complete <i>How We Work</i> training at least every three years. During the year we developed a bespoke online training module to support this commitment, and ensure employees are aware of and understand <i>How We Work</i>. The module will be a key element of induction training for new employees and is being implemented across our business for all employees.</p> <p>Gifts & Entertainment and Conflicts of Interest Standards, along with related registers, were launched in the Australian business this year, reinforcing the expectations outlined in <i>How We Work</i> to help manage anti-bribery and corruption risks. Over the next few months the standards and processes in BlueScope's other business units will be reviewed and updated to ensure these risks are being managed consistently across our global business.</p> <p>We prioritise engagement with suppliers based on their country risk (inherent risk given their operating context) and business activities and the leverage that exists in our relationship with them. This engagement starts with communicating our expectations and why we believe these are important to our relationship. Where issues or improvement opportunities are identified, we work with suppliers to improve their understanding and approach. We are updating and strengthening our Third Party Due Diligence Standards, which includes the identification of bribery and corruption risk.</p>	<p>FY2022 Sustainability Report » Compliance and ethical conduct (page 68)</p>
	<p>Key policies and documents:</p> <ul style="list-style-type: none"> » Core principles are stated in Our Code of Conduct, <i>How We Work</i> » Speak up Policy » Supplier Code of Conduct 	<p>Metrics:</p> <ul style="list-style-type: none"> » Anti-Bribery and Corruption minimum training requirements for relevant employees » Assessments completed for priority suppliers » Onsite assessments completed for suppliers » Onsite assessments completed for BlueScope's own sites 	

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