Annual Report
2020/21

BlueScope

Our Purpose

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

Our Bond

Our Customers
are our partners

Our People
are our strength

Our Shareholders
are our foundations

Our Local Communities
are our homes

Contents

Chairman's Message

John Bevan
Chairman

FY2021 was an exceptional year for BlueScope, despite the background of the global pandemic.

The Company clearly demonstrated the value that our high-quality portfolio of assets across Australia, the US and Asia are generating. With strong cash flow and a robust balance sheet your Company is very well positioned to continue to grow and deliver value.

This financial strength allows BlueScope to simultaneously invest for a low carbon future, long term sustainable earnings, and to increase shareholder returns.

BlueScope's record underlying EBIT across the business is a great testament to our clear strategy, disciplined financial framework and the operating leverage of our diverse portfolio.

The Board of Directors and I pay tribute to our 14,000 people across all 18 countries who have served customers and communities, maintained COVID-safe workplaces and supported each other's health and wellbeing.

Rewarding shareholders

A core part of BlueScope's Financial Framework is balancing the competition between capital for growth initiatives and returns to shareholders, while also aiming to distribute at least 50 per cent of free cash flow in the form of consistent dividends and on-market buy-backs.

The Board's intention is to increase annual ordinary dividends to 50 cents per share per annum, that is 25 cents per share per half, subject to the Company's financial performance, business conditions, growth opportunities, capex and working capital requirements and the Board's determination at the relevant time.

For FY2021, the dividend to be paid is 25 cents per share final ordinary dividend plus a 19 cents per share special dividend announced in August, complementing the six cents per share interim ordinary dividend paid in March 2021.

A share buy-back of up to $500M has been approved to be conducted over the next twelve months. The timing and value of shares purchased will be dependent on prevailing market conditions, share price and other factors.

Safety

The Company has continued to focus on the evolution of its risk management approach, aiming to build a culture of learning to drive sustained safety improvements. This more human-centred approach recognises human fallibility, taps into the knowledge of BlueScope's people to identify and implement stronger controls, and creates greater capacity in systems and processes to tolerate error. The Company has also adopted broader health and safety indicators, to better align to the new approach and support its goal to reduce harm.

CAPITAL MANAGEMENT

50CPS FY2021 DIVIDENDS (UNFRANKED)

UP TO $500M ON MARKET BUY-BACK ANNOUNCED

FY2021 FINANCIAL HEADLINES

$1.19BN	REPORTED NPAT
$1.72BN	UNDERLYING EBIT
$1.17BN	UNDERLYING NPAT
24.8%	UNDERLYING PRE-TAX ROIC

Growth opportunities

The strength of the Company's balance sheet and cash flow enables it to pursue growth opportunities, leveraging growth trends in detached residential construction, e-commerce and logistics, and national infrastructure programs.

Specifically, these opportunities are:

» In the US, where steel industry consolidation, government infrastructure investment and robust end-use demand have led to very strong demand. The 850,000 tonnes per annum expansion project at the North Star mini-mill in Delta, Ohio, is progressing very well. The melt shop commissioning is well underway – the first heat of steel from the new Electric Arc Furnace was achieved in August, new equipment is being installed and production of the first coil is expected in early 2H FY2022, with commissioning to full capacity over the subsequent 18 months. The present expectation is for the total cost to be 5-10 per cent above the US$700M initial estimate, reflecting inflationary pressure and our goal to commence commissioning as soon as possible. The success of this project enables assessment to begin on a further debottlenecking project to potentially lift hot strip mill capacity by another 500,000 tonnes per annum. This is a credit to the North Star project team in successfully continuing this project while safely managing COVID-19 risks.

» Also in the US, we are increasing the capital allocated to US BlueScope Properties Group by up to US$200M to carefully grow the business and deliver more regular earnings. This reflects the growing warehouse and distribution centre market and focuses on Class A industrial properties.

» In Australia, residential construction growth, especially in lower density and regional housing, has seen continued growth in demand for BlueScope's products such as TRUECORE® and COLORBOND® steel. We are now evaluating further coating capacity to support this demand.

Action on climate change

Climate change is a critical global issue for our business, industry and stakeholders. Our climate strategy builds on the work we started some years ago, and shows BlueScope is serious about playing our role in meeting the Paris Agreement goals.

Accordingly, we have announced a goal of net zero greenhouse gas emissions by 2050 across global operations. Achieving this 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.

We have allocated up to $150M over the next five years on near-term action on climate change. This investment will fund our technology plan to optimise current operating assets and prepare for emerging and breakthrough technologies. The initial phase is exploring production efficiencies such as increased use of scrap, indigenous gases and renewable energy, as well as government and industry partnerships, collaborative opportunities with suppliers, and breakthrough R&D projects. We are actively investigating the use of biochar as a replacement for a proportion of pulverised coal injection into the blast furnace, and are seeking government co-funding for this and other pilot projects, including a hydrogen electrolyser to trial hydrogen injection in the blast furnace.

Demonstrating the seriousness of our intent to meet the decarbonisation challenge, in February Gretta Stephens was appointed Chief Executive Climate Change, taking on responsibility for a new Climate Change function in addition to her role as Chief Executive New Zealand and Pacific Islands.

Port Kembla Steelworks blast furnace reline

The Company has commenced exploring options for the future configuration of the Port Kembla Steelworks, once the Blast Furnace No.5 comes to the end of its current operating campaign. Initial focus is on the option to reline the No.6 Blast Furnace, which is currently mothballed. A pre-feasibility assessment that aligns with BlueScope's climate strategy and technology pathway is well progressed, with an indicative capital cost of around $700-$800M.

The latest technologies available to reduce GHG emissions intensity will be evaluated as part of this important work. The strong earnings and cash flow capability of our Australian Steel Products business provides significant flexibility to adopt new technologies and iron making configurations, as and when they are technically and commercially viable.

Our climate action strategy, decarbonisation pathway and capital planning process are outlined in BlueScope's first Climate Action Report published in early September.

Sustainability

We continue to build an inclusive workforce which reflects the diversity of the communities in which we operate. This is guided by the Company's Inclusion and Diversity Strategic Framework which also provides each business with the flexibility to tailor specific activities to suit their local community and business needs. While COVID-19 has presented many challenges, it has also offered opportunities for a more connected workforce that supports its communities.

Recognising the increased focus of the Company's social responsibility to our people, workplaces, and communities, a new function – Social Impact and Inclusion – has been created to help increase our social value.

Last year we committed to seek certification under the ResponsibleSteel™ Standard for our major steelmaking site at Port Kembla, Australia. The standard defines the performance expectations for responsible sourcing and production of steel. I am proud to report that the stage 1 audit for ResponsibleSteel™ site certification was conducted in April. This detailed investigation into responsible sourcing went very well, highlighting our prioritisation, supplier engagement and assessment processes. While COVID-19 travel restrictions have stalled the timetable for the certification audit, we hope it will be completed by the end of 2021.

Executive appointments

Appointments made to the Executive Leadership Team during the year reflect BlueScope's focus on strategic growth opportunities. In April Connell Zhang joined the Company as Chief Executive NS BlueScope, based in Singapore. With strong industrial business experience, he brings a further focus on innovation and digital transformation to ensure the NS BlueScope joint venture continues to grow and deliver smart solutions to our customers and communities.

Equally importantly, to sharpen our focus on the growth opportunities identified in the US market, Kristie Keast takes on additional responsibilities as Chief Executive People and North American Development to oversee expansion and realise synergies across our North American businesses. Additionally, Susan Stark has been appointed President BlueScope Buildings to drive further growth and profitability, leveraging BlueScope's technology leadership in the expanding pre-engineered buildings market.

Conclusion

While BlueScope has seen favourable macroeconomic and industry trends over the last year, the Company's record performance and robust position reflect the success of its strategy at work.

Looking forward to the immediate term, in 1H FY2022, as order and despatch rates in key markets remain robust, the Company expects underlying EBIT to be in the range of $1.8 billion to $2.0 billion. While in the medium term we see supportive industry and end use demand trends, it is uncertain how long the current robust conditions will be sustained.

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 18 November 2021.

Management and employees have continued to demonstrate extraordinary resilience throughout the most difficult pandemic circumstances. I thank them for their wonderful contribution.

I also thank my fellow Directors for their support, and you, our shareholders.

John Bevan
Chairman

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 2021.

OPERATIONS AND STRATEGY

Description of Operations

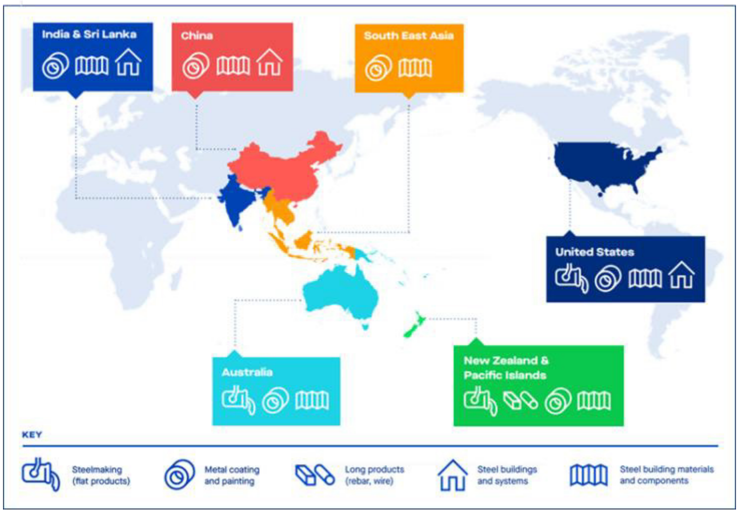
BlueScope is global leader in metal coating and painting for building and construction. Principally focused on the Asia-Pacific region, the Group manufactures and markets a wide range of branded products that include pre-painted COLORBOND® steel, zinc/aluminium alloy-coated ZINCALUME® steel and the LYSAGHT®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

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 is a leading supplier of engineered building solutions (EBS) to industrial and commercial segments. Its EBS value proposition is based on speed of construction, low total cost of ownership and global delivery capability. Leading brands, including BUTLER®, VARCO PRUDEN® and PROBUILD®, are supplied from BlueScope's manufacturing and engineering centres in North America and China.

In summary, BlueScope has Outstanding Assets and Capability

- Strong operating leverage from diverse business portfolio.
- 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.
- Operate North Star, one of the most productive and profitable mini-mills in the US.
- Footprint across high growth Asian markets.

Our Purpose, Bond and Strategy

Together, Our Purpose, Bond and Strategy define the way BlueScope develops, manufactures and sells steel products and solutions, while building our own resilience and capacity to drive a sustainable future.

Our Purpose

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

At BlueScope, we have a responsibility to build a sustainable business that contributes to protecting all of our futures. As a global organisation with thousands of employees who share passion and expertise in one of the world's most useful materials, steel, BlueScope can contribute and make a real difference.

Our Purpose sets the course for BlueScope to deliver what matters to our communities around the world, and to attract and retain the very best people to enable us to get there. We want to see our people thrive on the opportunity Our Purpose presents, working together to inspire our customers, meeting our sustainability commitments, delivering value to our shareholders and strengthening all our communities for the future.

Our Bond

Created in 2003 following the establishment of BlueScope, Our Bond outlines the guiding principles strengthening our business. It identifies our key stakeholders, guides how we work together and conduct ourselves, and continues to be our benchmark for success and choosing to do what is right.

Just like Our Purpose, hundreds of employees contributed to the creation of Our Bond, and its relevance today is testament to its importance to our organisation. Our Bond sets out that:

Our Customers are our partners

Our Shareholders are our foundations

Our People are our strength

Our Communities are our homes

More information on Our Bond can be found at https://www.bluescope.com/about-us/our-bond/

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.

TRANSFORM

DELIVER A STEP CHANGE IN CUSTOMER EXPERIENCE AND BUSINESS PERFORMANCE

GROW

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

DELIVER

DELIVER A SAFE WORKPLACE, AN ADAPTABLE ORGANISATION AND STRONG RETURNS

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

- ROIC > WACC on average through the cycle
- ROIC incentives for management and employees
- Maximise free cash flow generation

Robust Capital Structure

- Strong balance sheet, with a target of around $400M net debt
- 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

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

Disciplined Capital Allocation

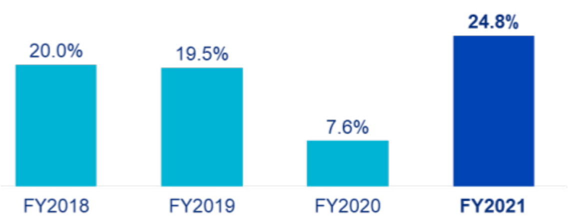
- Invest to maintain safe and reliable operations, to support achievement of decarbonisation pathways, and in foundation and new technologies
- Returns-focused process with disciplined competition for capital between:
  - Growth capital – Investments and M&A (but avoid top of the cycle)
  - Shareholder returns (distribute at least 50% of free cash flow to shareholders in the form of consistent dividends and on-market buy-backs[1])

[1] On-market buy-backs are an effective method of returning capital to shareholders after considering various alternatives and given BlueScope's lack of franking capacity.

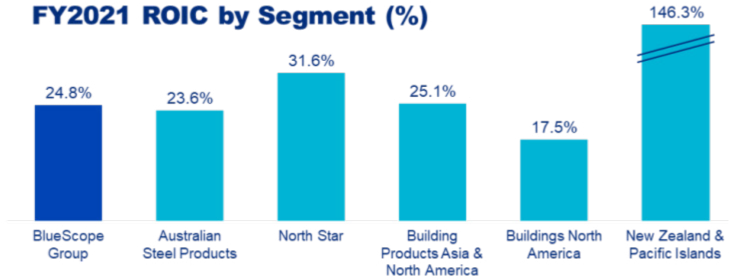
Returns Focus

Underlying EBIT ROIC is the primary measure of performance across all business units and one of the key measures of the Group. It underpins the objective of delivering top quartile shareholder returns and is a key discipline for performance management, project assessment, and executive incentives.

Group ROIC Performance (%)



FY2021 ROIC by Segment (%)

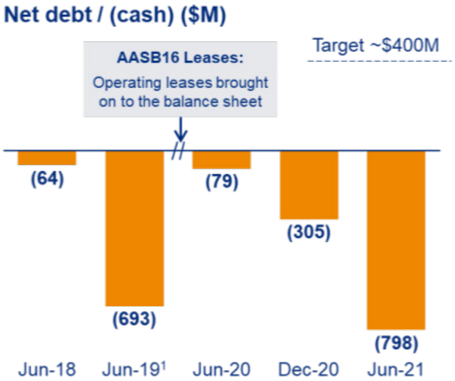


Robust Capital Structure and Disciplined Capital Allocation

A key element of BlueScope's strategy is to maintain strong financial capacity (as set out in the Financial Framework above), giving the ability to robustly weather industry and economic cycles and deliver on value-accretive opportunities.

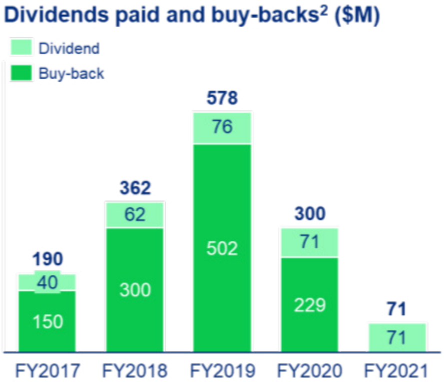
Robust Balance Sheet

Net debt / (cash) ($M)



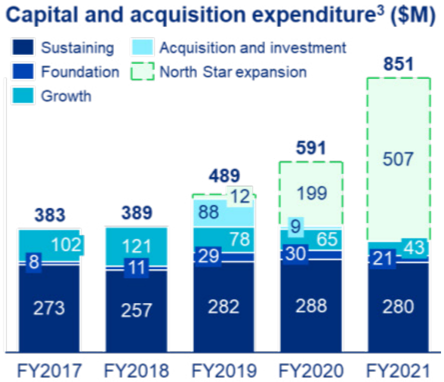
Returns to Shareholders

Dividends paid and buy-backs[2] ($M)



Investing for Long Term Growth

Capital and acquisition expenditure[3] ($M)



[1] Strong working capital performance in 2H FY2019, including around $150M benefit from timing of year end cash flows.
[2] Chart reflects cash settlements of shares bought back.
[3] Reflects accounting capital spend including capital accruals.

Deploying financial strength for sustainable growth and returns

Given the strength of BlueScope's balance sheet, and the strong cash flows presented by FY2021 trading conditions, BlueScope is well positioned to deploy its financial strength to position the business for a low carbon world, to invest for long term sustainable earnings and growth, and to deliver increased returns to shareholders.

Positioning the Business for a Low Carbon World

In 2018, BlueScope set targets to reduce Scope 1 and Scope 2 GHG emissions intensity for its steelmaking sites by 12% by 2030 at a target run rate of 1% year on year. This year, BlueScope has announced a goal of net zero emissions by 2050 with success dependent upon:

- evolution of emerging and breakthrough technologies to viable, commercial scale
- access to appropriate quality and quantities of raw materials in both the near and longer-term
- access to affordable, reliable renewable energy
- availability of appropriate volumes of competitively priced hydrogen from renewable sources
- public policy that supports investment in decarbonisation and avoids risk of carbon leakage.

In addition to the net zero goal and steelmaking emissions intensity reduction target, BlueScope has also announced a target to reduce emissions across its midstream non-steelmaking operations by 30% by 2030 relative to a 2018 baseline – bringing total coverage of 2030 targets to 98% of Group scope 1 and 2 GHG emissions.

Our pathway

SET A GOAL FOR:

Net zero

GHG emissions across our operations by 2050

12%

Emissions intensity reduction by 2030 (based on 2018 level) across our steelmaking sites

30%

Emissions reduction by 2030 (based on 2018 level) across our non-steelmaking activities

ALLOCATING UP TO:

$150M

Capital for climate change projects and initiatives over the next five years

The Company's 2050 net zero goal is based on scope 1 and 2 emissions and is underpinned by a decarbonisation pathway that is built on a suite of existing, emerging and breakthrough technology options. In the near to mid-term, BlueScope's focus will be on optimising its existing assets and processes, whilst working in partnership with industry and research bodies to progress the technical and commercial viability of future technology options.

Delivering the 2030 targets and progress on the 2050 goal will be supported by BlueScope's revised Capital Allocation Framework, which now incorporates climate related investments to ensure they receive appropriate prioritisation. These investments are considered critical in maintaining BlueScope's long-term sustainability, and as such will be prioritised ahead of growth investments and shareholder returns where appropriate. However, investments must have an appropriate commercial overlay to ensure decarbonisation is pursued in the most capital efficient manner.

On an indicative basis, an estimated $300M to $400M of capital will be required over the next 10 years. To that end, the Company has made an initial allocation of up to $150M over the next five years to help deliver on its mid-term commitments and make progress on its longer-term decarbonisation journey. Funding is in place to progress research and development into emerging and breakthrough technologies.

Further detail will be provided in BlueScope's first Climate Action Report, due for release in early September 2021.

Long-Term Sustainable Earnings and Growth

BlueScope has a wide range of growth opportunities across its footprint, leveraging sector trends, allowing the Company to deploy capital in a disciplined and efficient manner to support growth and future earnings.

BlueScope has identified over $500M of growth projects across its footprint, building on the strength of its portfolio of assets and leveraging key macro and sectoral trends, such as the improving industry conditions across China and the US, the supportive investment environment provided by low interest rates and government stimulus, 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.

- BlueScope will begin to assess a further 500ktpa debottlenecking of the hot strip mill at North Star in the US as it progresses through the current 850,000 tonne expansion project ramp-up phase. The debottlenecking project is expected to require significantly less capital than the original expansion.
- BlueScope is also looking to increase the allocation of capital to US BlueScope Properties Group (BPG) in order to carefully grow the business. This incremental ~$200M investment will allow BPG to target a more regular earnings contribution, from an expanded pipeline of projects whilst remaining focused on Class A industrial properties.
- In Australia, the business continues to pursue inter-material growth in value added products, such as COLORBOND® steel and TRUECORE® steel, with both product suites seeing continued growth in demand. To support further growth and address current operating constraints, BlueScope is in the initial phases of assessing additional coating capacity at Port Kembla.

Increasing Shareholder Returns

Following a review, the Board's intention is to increase annual ordinary dividends and will now target 50 cents per share per annum (i.e. 25 cents per share per half). For FY2021, the dividend will be comprised of the 25 cents per share final ordinary dividend and 19 cents per share special dividend announced today, complementing the 6 cents per share interim ordinary dividend paid in March 2021. The revised annual dividend level will be subject to the Company's financial performance, business conditions, growth opportunities, capex and working capital requirements and the Board's determination at the relevant time.

BlueScope will continue to use on-market share buy-backs to supplement the payment of consistent dividends, given the flexibility they provide in managing capital and for the EPS enhancement they can deliver. The buy-back of up to $500M is intended to be conducted over the next twelve months, the timing of which, and value of shares purchased, will be dependent on the prevailing market conditions, share price and other factors.

Updates on Key Projects

North Star Expansion

Construction of the cornerstone project to expand the North Star mini-mill in Delta, Ohio, by around 850,000 tonnes per annum is well progressed.

Commissioning of the melt shop is underway, with the first heat scheduled in August 2021. Equipment installation substantially complete for the ladle metallurgy furnace; second caster and tunnel furnace are well advanced with equipment set and piping and electrical installation works now commencing. The first coil is expected in early 2H FY2022, with an 18 month ramp up to full run rate expected following commissioning.

Present expectation is total cost to be 5-10% above the US$700M initial estimate, reflecting inflationary pressure and goal of commencing commissioning as soon as possible. Accounting capital spend to date including capital accruals is US$517M, with cash spend to date of US$448M.

EAF Platform

Slab Caster

Approximately 80 new employees have been hired to support the expansion and the North Star team is actively supporting commissioning, whilst maintaining a strong focus on maintaining operations and managing COVID-19 risks in project supply chains and on-site works.

Port Kembla Steelworks Blast Furnace Reline

As announced in February, BlueScope is exploring options for the future configuration of the Port Kembla Steelworks, once Blast Furnace No.5 comes to the end of its current operating campaign, which is expected to occur sometime between 2026 and 2030.

The initial focus is on the option to reline the currently mothballed No.6 Blast Furnace which is likely to be the most technically feasible and economically viable option for Australian steelmaking, given that longer-term breakthrough low-emission technologies are still under development. As part of the reline assessment, latest technologies available to reduce GHG emissions intensity will be evaluated as an integral part of the project.

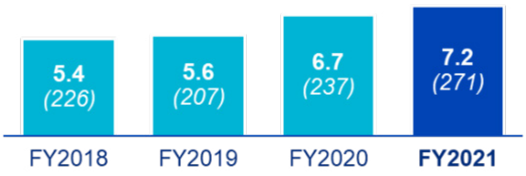
The pre-feasibility assessment is well progressed as part of rigorous multi-stage capital investment evaluation process, with further updates to be provided during 1H FY2022. The highly indicative capital cost is around $700-$800M, likely to be spent over FY2023 to FY2025.

This pre-feasibility work aligns with BlueScope's climate strategy and technology pathway. The strong earnings and cash flow capability of its Australian Steel Products business provides significant flexibility and optionality to adopt new technologies and iron making configurations as and when they are technically and commercially viable.

Electric Arc Furnace (EAF) steelmaking has been considered as an alternative to a reline. However, it is not currently viable given Australia's insufficient availability of prime or ex-manufacturing scrap required for flat steel production grades, and high electricity costs. DRI was also considered, however the relatively high cost of natural gas on the east coast of Australia and lack of cost effective DRI grade pellets renders this option economically unviable at this time.

Sustainability Update

Safety



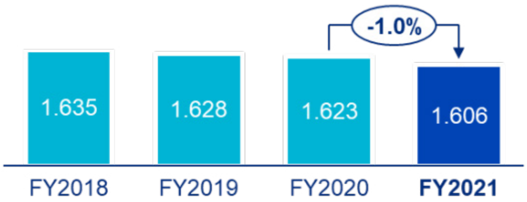
TRIFR *(number of injuries)*

1,026 Leaders involved in BlueScope's global HSE risk management program to date

100% Board and ELT participation in HSE risk management program

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

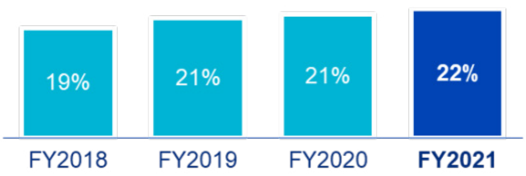
Climate Change



Steelmaking GHG emissions intensity[2]

- Broadened 2030 emission intensity targets
- Established 2050 net zero GHG emissions goal[1]
- Initial climate investment program of up to $150M
- Built-out Climate Change team
- Progressing ResponsibleSteel™ accreditation for Port Kembla Steelworks
- Releasing first Climate Action Report in September 2021

Inclusion and Diversity



Female workforce participation

Sustainable Supply Chain

230 Prioritised Suppliers

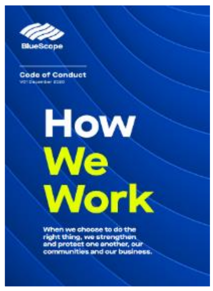
Engage, Assess & Improve Completed

Communities

Pandemic focus

Support for PPE, foodbanks, funds

Launched refreshed Code of Conduct



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

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[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.

[2] Preliminary data. Final emissions intensity figures will be published in BlueScope's Climate Action Report, due to be released in September 2021. Due to updates to electricity emission factors for our North Star facility and the introduction of our midstream non-steelmaking target and associated updates to our integrated steelmaking facility reporting boundaries, the FY2018 steelmaking GHG emission intensity baseline has been updated.

Safety

Performance on BlueScope's lag indicators deteriorated in FY2021 against a backdrop of COVID-19 disruptions and strong demand, which added complexity and distraction to the work undertaken across the business. The injury profile continues to be lower severity injuries (e.g. sprains, strains and lacerations), with less than 1% of injuries having had the potential to be permanently life changing.

BlueScope continues to progress the evolution of its approach to risk management, with an emphasis on a culture of learning, to drive sustained improvements in safety. The Company continues to integrate its human-centred approach, which leverages the knowledge of BlueScope's people to identify and strengthen our controls. Through the year, the Company also sought to create greater capacity in systems and processes to tolerate error without harm to our people or the environment.

BlueScope has maintained a persistent focus on maintaining COVID-safe workplaces and supporting the health and wellbeing of our people and communities, including a focus on vaccination efforts.

Inclusion and Diversity

In FY2021 we have continued to build an inclusive workforce which reflects the diversity of the communities in which we operate. While COVID-19 has presented many challenges, it has also offered opportunities that have resulted in a more connected workforce that supports BlueScope's community when needed. BlueScope's Inclusion and Diversity Strategic Framework focuses on advancing its gender diversity journey as well as providing each business with the flexibility to tailor specific activities to suit their local community and business needs.

Whilst the overall female share of recruitment reduced slightly from 37% to 36% for FY2021, female participation in the workforce increased to 22% from 21%. The percentage of women in operator and trade roles has doubled over the past five years. The focus in FY2022 remains on female recruitment and reinforcing BlueScope's inclusive culture – across all aspects of its business – with clear focus areas, business accountabilities and a governance framework to track progress and continuous improvement.

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 its core values.

In FY2021, BlueScope achieved its target, completing engagements and assessments with 230 suppliers against an end of year target of 220. BlueScope also transitioned most new assessments to an independent EcoVadis process and increased its use of third-party on-site supplier assessments. Despite COVID-19 restrictions on travel, seven third-party on-site audits were completed in FY2021. Supplier corrective action plans are in place for 20 per cent of assessed suppliers (up from 11% in FY2020), demonstrating the focus on improvement.

The supplier segmentation model was also refreshed in FY2021 with updated supplier and risk data, increasing the model's coverage from 80% of total business unit / country spend to 90%, to now cover over 1,000 suppliers. This refresh increased the supplier engagement and assessment target from 220 to 280 over the next two years.

BlueScope achieved an 85th percentile rating in an EcoVadis sustainability assessment of our business in FY2021. The ResponsibleSteel™ site certification process is underway at the Port Kembla Steelworks, with positive feedback on BlueScope's responsible sourcing program received during the stage one audit conducted in April 2021.

Communities

Throughout the half, many of BlueScope's businesses continued to support communities hit by the pandemic:

- A team of employees across Australia, China, the US, Singapore and India worked together to source and ship N95 masks, oxygen concentrators and ventilators to India for donation to communities and hospitals in need.
- BlueScope China shipped 20,000 N95 masks to NS BlueScope's Cilegon site in Indonesia where authorities are struggling to control the pandemic.
- North Star BlueScope Steel donated to the "V Project", a local community initiative to encourage vaccinations and help slow the spread of COVID-19. North Star also hosted an on-site vaccination clinic for a local healthcare provider.

BlueScope seeks opportunities to strengthen local communities through encouraging employee participation and through financial and in-kind support:

- In the US, the BlueScope Foundation awarded nine scholarship awards to help children of BlueScope employees complete their education.
- BlueScope Butler China is building partnerships with local schools to help students build skills, choose a career and enter the workforce.
- Australian Steel Products has joined a partnership with the NSW Department of Education to establish a STEM Academy in the Illawarra.
- BlueScope is a long-standing supporter of Lifeline South Coast in the Illawarra, with employees training to be volunteer crisis supporters and participating in suicide awareness training.

GROUP FINANCIAL REVIEW

FY2021 Highlights

Sales from continuing operations

$12,873M

14% on FY2020

2H result $7,056M, up $1,238M on 1H

Reported NPAT

$1,193M

1,137% on FY2020

2H result $863M, up $533M on 1H

Underlying EBIT

$1,724M

206% on FY2020

2H result $1,193M, up $662M on 1H

Underlying ROIC[1]

24.8%

+17.2% on FY2020

Capital management

25 cps final dividend (interim 6 cps), 19 cps special dividend and buy-back of up to $500M[2]

Net cash

$798M

from $79M at 30 Jun 2020

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

[2] Dividends unfranked. Buy-back is intended to be conducted over the next twelve months. 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	FY2021	FY2020	Variance %
Sales revenue from continuing operations	12,872.9	11,284.5	14%
EBITDA – underlying [1]	2,211.6	1,098.7	101%
EBIT – reported	1,758.5	309.7	468%
EBIT – underlying [1]	1,723.8	564.0	206%
Return (underlying EBIT) on invested capital (%)	24.8%	7.6%	+17.2%
NPAT – reported	1,193.3	96.5	1,137%
NPAT – underlying [1]	1,166.3	353.0	230%
Final ordinary dividend (cents)	25 cps	8 cps	213%
Special dividend (cents)	19 cps	-	100%
Reported earnings per share (cents)	237.0 cps	19.0 cps	1,146%
Underlying earnings per share (cents)	231.6 cps	69.6 cps	233%
Net cash / (debt)	798.1	79.1	909%
Gearing (%)	N/A - net cash	N/A - net cash	-
Leverage (ND / LTM underlying EBITDA)	N/A - net cash	N/A - net cash	-

Revenue

The 14% increase in sales revenue from continuing operations was primarily due to stronger selling prices driven by higher global steel prices, combined with the benefit of improved volumes from stronger demand, partly offset by the unfavourable impacts from a stronger Australian dollar exchange rate (A$:US$).

Earnings Before Interest & Tax

The 206% increase in underlying EBIT reflects:

- **$1,044.9M spread increase**, primarily due to:
  - higher domestic and export prices due to higher global steel prices partly offset by the unfavourable influence of a stronger A$:US$ ($1,315.2M)
  - higher raw material costs – higher scrap and pig iron costs at North Star, higher feed costs at Building Products Asia & North America and Buildings North America and higher iron ore costs at ASP partly offset by lower coal costs and higher export coke contribution at ASP ($270.3M)
- **$242.5M favourable impact of volume/mix** due to stronger demand and higher despatch volumes across all segments except for Buildings North America
- **$20.7M unfavourable movement in costs**, comprised of:
  - $62.7M cost improvement initiatives, predominantly in BP, BNA, ASP and NZPI
  - $146.8M favourable volume impact on costs particularly at ASP and NZPI on higher production
  - $261.0M unfavourable impact of general cost escalation including higher remuneration expense linked to financial performance of the Group and higher energy costs
  - $30.8M favourable movement in other costs, mainly provision movements
- **$135.8M unfavourable translation impact** from a stronger A$:US$ exchange rate
- **$28.9M favourable movement in other items**, primarily lower depreciation following the NZPI asset write-down recognised at June 2020.

The $1,448.8M (468%) increase in reported EBIT reflects the movement in underlying EBIT discussed above and $289.0M favourable movement in underlying adjustments as outlined in Tables 12 and 13 mainly in relation to the write-off of assets in NZPI in the prior period.

[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.

Finance Costs and Funding

Net finance costs increased by $4.8M largely due to higher commitment fees on the increased size of the syndicated bank facility and lower interest income on cash due to falling interest rate.

Financial liquidity was $3,694.1M at 30 June 2021 ($3,144.4M at 31 December 2020), comprised of $1,732.2M committed undrawn bank debt capacity and $1,961.9M cash. Liquidity in the NS BlueScope Coated Products JV was $769.8M, which is included in the Group liquidity measure.

In July 2021, subsequent to the balance date, 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.

Tax

FY2021 tax expense of $388.1M (FY2020 $128.1M), equivalent to an effective tax rate of 23.2% (FY2020 51.5%, impacted by the non-tax effected $197M write-down of New Zealand Steel and Pacific Islands assets – 28.8% excluding the write-down), was impacted by higher profit, offset by lower tax rates in North America and Asia and the utilisation of unrecognised tax losses in New Zealand.

As at 30 June 2021, the BlueScope Australian consolidated tax group is estimated to have carried forward tax losses of approximately $710M, which are all recognised on the balance sheet. There will be no Australian income tax payments until these losses are recovered. The Group continues to defer the full recognition of past tax losses in New Zealand until a sustainable return to taxable profits has been demonstrated. New Zealand tax losses are able to be carried forward indefinitely.

Dividend and Capital Management

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.

Dividends:

- Following a review, the Board's intention is to increase annual ordinary dividends and will now target 50 cents per share per annum (i.e. 25 cents per share per half year). For FY2021, the dividend will be comprised of the 25 cents per share final ordinary dividend and 19 cents per share special dividend announced today, complementing the 6 cents per share interim ordinary dividend paid in March 2021.
- The revised annual dividend level will be subject to the Company's financial performance, business conditions, growth opportunities, capex and working capital requirements and the Board's determination at the relevant time.
- The final and special dividends will be unfranked for Australian and New Zealand tax purposes and are declared to be conduit foreign income. BlueScope's dividend reinvestment plan will not be active for the final and special dividends. Relevant dates for the final and special dividends are as follows:
  - Ex-dividend share trading commences: 7 September 2021.
  - Record date for dividends: 8 September 2021.
  - Payment of dividends: 13 October 2021.

Buy-back:

- BlueScope will continue to use on-market share buy-backs to supplement the payment of consistent dividends.
- Buy-backs are attractive given BlueScope's lack of franking credits, the flexibility they provide in managing BlueScope's capital and for the EPS enhancement they can deliver.
- The Board has approved an on-market buy-back of up to $500M to be conducted over the next twelve months. The timing and value of stock purchased will be dependent on the prevailing market conditions, share price and other factors.

Financial Position

Net assets increased $1,120.8M to $8,160.4M at 30 June 2021 from $7,039.6M at 30 June 2020. Net assets were lower as a result of foreign exchange translation (approximately $300M) primarily as a result of a stronger A$:US$. This was more than offset by an increase in net assets in their functional currency. Significant movements in underlying currency were:

- $605M increase in cash due to net cash flow during the period
- $547M increase in receivables on higher sales prices and volumes
- $509M increase in property, plant and equipment, including assets associated with the North Star expansion project
- $450M increase in inventory mainly due to higher rates
- $240M decrease in retirement obligations mainly as a result of actuarial gains
- Partly offset by a $524M increase in creditors, $148M increase in provisions and $207M decrease in deferred tax assets.

BUSINESS UNIT REVIEWS

Australian Steel Products (ASP)

ASP employs around 6,000 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® pipe and tube operations and steel distribution sites, and BlueScope Distribution throughout Australia.

Financial Performance – FY2021 vs. FY2020

Sales revenue

The $430.4M increase in sales revenue was primarily due to higher volumes on robust domestic activity, along with stronger prices on higher global steel prices, partly offset by the unfavourable influence of a stronger A$:US$ exchange rate.

EBIT performance

The $369.2M increase in underlying EBIT was largely due to:

- higher steelmaking spread with higher domestic and export selling prices driven by stronger global steel prices combined with lower raw material costs
- improved steel volumes, particularly in metal coated and painted products
- higher contribution from export coke.

Key Financial and Operational Measures

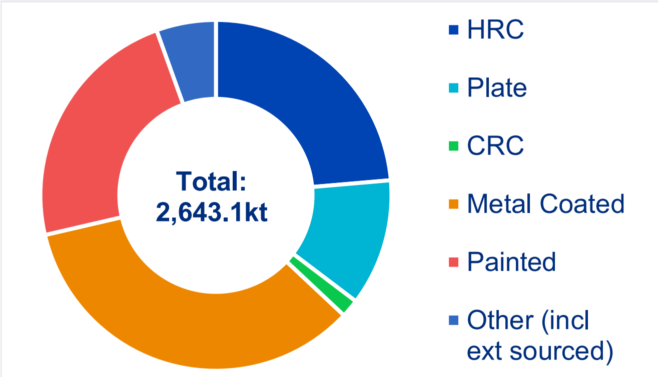
Table 2: Segment financial performance

$M	FY2021	FY2020	Var %	2H FY2021
Sales revenue	5,848.5	5,418.1	8%	3,109.0
Reported EBIT	674.3	305.1	121%	415.2
Underlying EBIT	674.3	305.1	121%	415.2
NOA (pre-tax)	2,975.2	2,626.4	13%	2,975.2
ROIC (LTM)	23.6%	11.0%	+12.6%	23.6%

Table 3: Steel sales volume

000 tonnes	FY2021	FY2020	Var %	2H FY2021
Domestic				
- ex-mill	2,487.7	2,168.9	15%	1,311.4
- ext sourced	155.4	118.4	31%	82.2
Export	503.3	646.5	(22)%	156.7
Total	**3,146.4**	**2,933.8**	**7%**	**1,550.3**

Chart 1: ASP domestic steel sales volume mix FY2021



Return on invested capital

ROIC increased to 23.6% driven by higher EBIT partly offset by higher net operating assets. Net operating assets at 30 June 2021 were $348.8M higher than at 30 June 2020, primarily due to higher rates in inventory and receivables.

Markets and operations

Domestic mill sales

FY2021 domestic sales volumes ex-mill increased 15% on FY2020 to 2,488kt; the highest since FY2008.

- Increased volumes were driven by strength across building and construction, with activity levels supported by focussed sales and marketing initiatives, various government stimulus and infrastructure programs, redirected discretionary spending, and recovery work following recent storm / flood events.
- FY2021 steel sales of COLORBOND® steel, TRUECORE® steel, TRU-SPEC® steel and Galvanised were the highest on record for the ASP business – assisted by both specific sales initiatives and broader segment demand growth.

Sales into the residential construction segment increased significantly in FY2021 compared to FY2020. The significant lift in activity has been supported by several factors, in particular:

- Targeted campaigns focussed on consumers, builders and fabricators particularly in the Sydney and Melbourne metropolitan areas.
- In new detached housing, State and Federal Government stimulus measures, improved credit availability and sentiment, and a solid economic recovery supported a strong pipeline of residential approvals and commencements.
- The take-up of the Federal Government's 'HomeBuilder' program in FY2021 was strong, with almost 100,000 new build applications and 22,000 substantial renovation applications submitted as at the end of the program's second phase, which closed at the end of March 2021.
- In April 2021, the Government announced the extension of the program's commencement deadline. This announcement has helped ease the pressures in the sector, especially on labour and materials, spreading out the robust pipeline over the next full financial year.
- Activity across the alterations and additions segment benefitted from a significant increase in home renovation activity as homebound consumers redirected discretionary spending during the COVID-19 pandemic. Sales into this segment were further supported by recovery activity following recent storm / flood events and Government stimulus measures announced as part of the 'HomeBuilder' Program.

Sales into non-residential construction increased significantly in FY2021 compared to FY2020.

- The Social and Institutional sub-segment has been particularly strong, supported by Government investment in health, education, defence and prison projects, particularly for the products BlueScope produces.
- Prior to the pandemic, the Commercial and Industrial sub-segment was experiencing an uptrend in approvals, the pipeline of which carried over into FY2021. The pandemic impact was expected to be quite significant, however like the rest of the economy, private sector confidence returned much faster than anticipated, leading to some projects previously paused now coming back into focus. Uncertainty in confidence remained prevalent in the aged care and entertainment.

Sales into the engineering and mining sectors increased during FY2021 compared with FY2020, with the national infrastructure plan driving activity in roads and rail together with growth in mining and consumables, partially offset by an easing in activity within wind tower projects on project timing.

Demand in the agriculture segment improved in FY2021 compared with FY2020, supported by the rebuild program following last year's bushfires and improved growing conditions more broadly with encouraging rainfall during CY2020.

Demand in the manufacturing sector increased during FY2021 compared with FY2020 due to increased activity within residential construction and limited availability of steel intensive competing finished goods. Favourable Government policy supporting instant tax write-offs of new investments spurred a rise in orders for manufactured goods.

Export sales

Despatches to export customers in FY2021 were lower than FY2020 driven by the prioritisation of domestic despatches. Export prices were higher in FY2021 than the prior corresponding period due to higher global steel prices.

Export coke sales

In FY2021, despatch volumes were 672kt, 14% lower than FY2020 due to timing of shipments and increased use of coke in ironmaking. Margins were stronger in FY2021 due to strong global steel demand driving stronger coke prices and relatively lower cost coal inputs.

North Star

Established in 1996 in Delta, Ohio, North Star is one of the most efficient steel-mills in North America. Around 2 million tonnes of hot rolled coil are produced annually from North Star's dual electric arc furnaces, using scrap metal, pig iron and alloys.

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.

Key Financial and Operational Measures

Table 4: Segment performance

$M	FY2021	FY2020	Var %	2H FY2021
Sales revenue	2,377.7	1,713.0	39%	1,591.8
Reported EBIT	674.5	187.7	259%	606.7
Underlying EBIT	677.2	189.6	257%	607.6
NOA (pre-tax)	2,374.3	2,059.4	15%	2,374.3
ROIC (LTM)	31.6%	9.3%	+22.3%	31.6%
Despatches (kt)	2,083.1	2,043.8	2%	1,058.4

Table 5: Segment performance in US$M

000 tonnes	FY2021	FY2020	Var %	2H FY2021
Sales revenue	1,796.6	1,149.1	56%	1,227.5
Und. EBITDA	567.7	174.3	226%	492.7

Financial Performance – FY2021 vs. FY2020

Sales revenue

The $664.7M increase in sales revenue was primarily due to materially stronger realised selling prices, driven by record Midwest benchmark hot rolled coil prices, partly offset by unfavourable foreign exchange translation due to a stronger A$:US$ exchange rate.

EBIT performance

The $487.6M increase in underlying EBIT was largely due to higher realised steel spreads, due to stronger regional steel prices, partly offset by elevated raw material costs, and unfavourable foreign exchange translation due to a stronger A$:US$ exchange rate.

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

Return on invested capital

ROIC increased to 31.6% driven by a stronger EBIT contribution partly offset by higher net operating assets. Net operating assets at 30 June 2021 were $314.9M higher than at 30 June 2020, primarily due to higher fixed assets as a result of the capacity expansion project partly offset by the unfavourable foreign exchange translation impact of a stronger A$:US$.

Note that the ROIC outcome is unfavourably impacted by expansion capital work in progress, which is included in the net operating assets. Expansion capital work in progress was $717M at 30 June 2021.

Markets and Operations

Strong production and despatch levels continued throughout FY2021 – with North Star despatching at full capacity other than during scheduled maintenance outages in November 2020 and June 2021.

US automotive sales rebounded strongly after the COVID-19 production shuts and demand shock in the June 2020 quarter, with the annualised sales run-rate averaging 17 million units for 2H FY2021. Construction spending increased in FY2021 over FY2020.

Driven by increased customer activity levels, consolidation and rationalisation of supply and low service centre inventories, benchmark Midwest steel spreads improved significantly from late 1H FY2021, reaching record highs during 2H FY2021.

North Star's end-use sales mix normalised in FY2021 after the COVID-19 impact in 2H FY2020; however, with the strong rise in benchmark spreads in more recent months, realised spreads were softer than benchmark spot spreads due to usual pricing lags.

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.

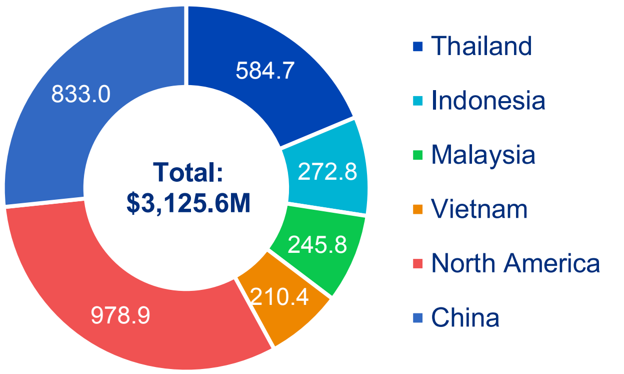
Building Products' China businesses are wholly owned by BlueScope and are comprised of metal coating, painting and Lysaght operations, and Engineered Buildings Solutions (EBS).

Key Financial and Operational Measures

Table 6: Segment financial performance

$M	FY2021	FY2020	Var %	2H FY2021
Sales revenue	3,125.6	2,777.5	13%	1,666.3
Reported EBIT	328.2	147.6	122%	179.9
Underlying EBIT	333.5	155.3	115%	183.2
NOA (pre-tax)	1,272.7	1,450.1	(12)%	1,272.7
ROIC (LTM)	25.1%	9.8%	+15.3%	25.1%
Despatches (kt)	1,892.3	1,594.6	19%	974.1

Chart 2: Segment geographic sales revenue FY2021, $M [1]



1 Chart does not include India, which is equity accounted.

Financial Performance – FY2021 vs. FY2020

Sales revenue

The $348.1M increase in sales revenue was mainly due to higher sales volumes and higher regional steel prices. This was partly offset by unfavourable foreign exchange translation mainly due to a stronger A$:US$ exchange rate.

EBIT performance

The $178.2M increase in underlying EBIT was largely due to higher margins combined with higher despatch volumes:

- **North America:** FY2021 underlying EBIT of $138.5M, improving substantially compared to $40.2M in FY2020. The improvement was due to cyclical margin expansion driven by relatively lower steel feed costs in the rapidly rising price environment.
- **ASEAN:** performance improved in FY2021, delivering underlying EBIT of $114.5M compared to $50.9M in FY2020. The improvement was driven by cyclical margin expansion driven by relatively lower steel feed costs. This was combined with higher despatch volumes on strong demand recovery post COVID-19 disruptions during 2H FY2020 combined with lower costs.
- **China:** economic activity continued to recover during FY2021 following the impacts of COVID-19 during 2H FY2020, with a strong recovery seen in the key building and construction markets. Underlying EBIT in FY2021 of $62.6M was up $11.4M over FY2020 with the improvement mainly driven by favourable margins and higher despatch volumes across both the coated and downstream businesses.
- **India**: the TBSL joint venture delivered FY2021 underlying EBIT of $68.9M (100% basis), compared to $43.3M in FY2020, mainly driven by higher despatch volumes as demand recovered from significant COVID-19 related disruptions during 2H FY2020 combined with higher margins.

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

Return on invested capital

ROIC increased to 25.1% driven by a stronger EBIT contribution combined with lower net operating assets.

Net operating assets at 30 June 2021 were $177.4M lower than at 30 June 2020, primarily due to unfavourable foreign exchange translation impact of a stronger A$:US$ combined with higher payables.

Markets and Operations

North America (Steelscape & ASC Profiles)

Steelscape (coating and painting) achieved a 9% increase in sales volume in FY2021 compared to FY2020, the highest since FY2014. This increased volume was driven by robust demand, particularly in building and construction, which was supported by the strong economic recovery and government stimulus programs. Given the rapid rise in North America steel prices, somewhat more stable feed costs, and the length of the supply chain, the business saw a level of cyclical margin expansion, particularly in 2H FY2021. 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 in its key sectors, particularly in the decking and residential construction segments. Higher North American steel prices resulted in increased feed costs, negatively impacting margins, however the business realised improvements in its operating cost structure, gaining benefits from strategic optimisation of manufacturing sites.

ASEAN

FY2021 sales volumes across the ASEAN business increased by 24% from FY2020 due to stronger demand however disruptions from COVID-19 remained, particularly in Malaysia, Indonesia and Vietnam, which escalated towards the end of the half.

Strong demand in residential activity and lower import levels supported sales growth in the retail segment, mainly in Thailand and Indonesia. The business continues to grow the retail channel through the Authorised Dealer network, whilst expanding BlueScope's distribution footprint, enhancing brand value and building customer loyalty. The number of Authorised Dealers reached 284 stores across ASEAN at the end of FY2021.

Project segment demand was broadly stable, supported by recovering construction activities, although some projects were delayed due to continuing uncertainty around the pandemic and the stronger steel price environment.

The Ignite 5G cost and productivity improvement program continues to deliver incremental benefits, and the business is now balancing robust cost discipline and investment in future growth.

China

Economic activity continued to improve during FY2021 following the domestic impacts of COVID-19 in FY2020.

Coated China despatch volumes increased over FY2020 driven by a number of external customer-focussed initiatives, combined with strong demand growth from the owned downstream channel and general market recovery.

Buildings business (Butler and Lysaght) growth continued into FY2021, driven by the continued strategy aimed at targeting premium high-growth segments, which in turn has led to an increase in despatch volumes on FY2020 levels.

BlueScope China continues to enhance business performance through measures such as:

- targeting higher growth end-use segments such as advanced manufacturing, distribution, healthcare and electronics, which have each demonstrated rapid post COVID-19 recovery and higher than national GDP growth rates
- promotion of Next Generation ZINCALUME® into China.

India (in joint venture with Tata Steel (50/50) for all operations)

The joint venture delivered underlying EBIT of $68.9M in FY2021 (100% basis), compared to $43.3M in FY2020, primarily driven by increased volumes offsetting lower margins on higher steel feed costs.

Overall despatch volumes in FY2021 increased by 23% compared to FY2020, driven by pent-up demand post the COVID-19 related Government mandated shuts during Q4 FY2020. Domestic painted and bare volumes increased by 24% and 13% respectively.

BlueScope's joint venture partner, Tata Steel, has acquired Bhushan Steel, which includes coating and painting assets. BlueScope continues to work with Tata Steel to consider the implications of this acquisition for the joint venture.

Table 7: India performance

$M	FY2021	FY2020	Var %	2H FY2021
Tata BlueScope Steel (100% basis)				
Sales revenue	403.3	332.9	21%	198.2
Underlying EBIT	68.9	43.3	59%	31.5
Underlying NPAT	52.5	33.3	58%	24.6
Despatches (kt)	253.5	206.4	23%	113.5
BlueScope share (50% basis)				
Underlying equity accounted profit	26.6	17.0	56%	12.5

Buildings North America (BNA)

Buildings North America is a leader in engineered building solutions (EBS), servicing the low-rise non-residential construction needs of customers in North America. BNA partners with its customers to provide a complete custom steel building solution that includes design, detailing, drawings and manufacturing.

In addition to a range of custom engineered steel buildings, such as factories, bulk warehouses and stores, BNA manufactures and markets framing and cladding systems and steel building components. Its Butler® and Varco Pruden® brands are highly recognised in the industry.

This segment also includes the BlueScope Properties Group (BPG) which develops industrial properties, predominantly warehouses and distribution centres.

Key Financial and Operational Measures

Table 8: Segment performance

$M	FY2021	FY2020	Var %	2H FY2021
Sales revenue	1,098.7	1,118.5	(2)%	496.9
Reported EBIT	112.3	(1.8)	6,339%	43.4
Underlying EBIT	87.5	37.9	131%	17.0
NOA (pre-tax)	503.4	554.3	(9)%	503.4
ROIC (LTM)	17.5%	6.1%	+11.4%	17.5%
Despatches (kt)	192.8	203.0	(5)%	102.1

Financial Performance – FY2021 vs. FY2020

Sales revenue

The $19.8M decrease in sales revenue was primarily due to higher selling prices offset by the unfavourable foreign exchange translation due to the stronger A$:US$ exchange rate.

EBIT performance

The $49.6M increase in underlying EBIT was largely due to the realisation of significant projects in BPG in 1H FY2021, combined with lower costs.

Earnings in the core EBS business (excluding BPG) were higher than FY2020 driven by lower costs offsetting moderately lower despatches and the unfavourable impact of a stronger A$:US$.

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

Return on invested capital

ROIC increased to 17.5% driven by a stronger EBIT contribution combined with lower net operating assets. Net operating assets at 30 June 2021 were $50.9M lower than at 30 June 2020, primarily due to the unfavourable foreign exchange translation impact of a stronger A$:US$.

Markets and Operations

In 1H FY2021, core EBS business despatches were impacted by COVID-19, being 19% lower than 1H FY2020 – however the business saw a 12% increase in orders from customers compared to the previous corresponding period.

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

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

BPG Expansion

BPG develops Class A industrial properties in premium US locations, accessing the growing warehouse and distribution centre segment. It creates value for the BNA Builder network by providing access to projects.

BPG develops a mixture of 'Build to Suit' (pre-leased) and 'Build to Demand' properties. Risks are managed through:

- extensive due diligence before project commitment
- minimum leasing and hurdle rate requirements.

BPG has profitably completed 10 projects in last five years. Given the success of BPG, BlueScope will increase the capital allocated to grow the business by approximately US$200M, to a maximum of US$300M.

BlueScope is targeting a more regular earnings contribution from an expanded pipeline of projects and will indicatively target projects in the US$10-30M range which at least meet or exceed our hurdle rates. The pipeline will be built over coming two to three years.

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.

Key Financial and Operational Measures

Table 9: Segment financial performance

$M	FY2021	FY2020	Var %	2H FY2021
Sales revenue	894.3	792.4	13%	458.1
Reported EBIT	138.4	(206.1)	167%	82.8
Underlying EBIT	130.1	(5.8)	nmf	72.7
NOA (pre-tax)	288.9	(3.4)	nmf	288.9
ROIC (LTM)	146.3%	-2.0%	+148%	146.3%

Table 10: Steel sales volume

000 tonnes	FY2021	FY2020	Var %	2H FY2021
Domestic flats	299.1	252.4	19%	154.0
Domestic longs	209.5	156.9	34%	102.8
Domestic (steel)	**508.6**	**409.3**	**24%**	**256.8**
Export flat	115.6	179.7	(36%)	45.6
Export longs	3.1	11.7	(74%)	1.8
Export (steel)	**118.7**	**191.4**	**(38%)**	**47.4**

Financial Performance – FY2021 vs. FY2020

Sales revenue

The $101.9M increase in sales revenue was due to higher domestic despatch volumes and higher domestic and export selling prices referenced to higher global steel prices.

EBIT performance

The $135.9M increase in underlying EBIT was due to:

- higher domestic volumes particularly higher value coated and painted products and elimination of some loss-making products
- higher domestic and export selling prices driven by higher global steel prices
- lower raw material costs particularly thermal coal on lower global prices
- lower depreciation following the asset write-down recognised at June 2020, partly offset by
- higher operating costs, particularly energy costs.

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

Return on invested capital

Given the impaired asset base, the FY2021 ROIC figure is not meaningful. Net operating assets at 30 June 2021 were $292.3M higher than at 30 June 2020, primarily due to a decrease in liabilities related to the employee pension fund.

Markets and Operations

Domestic sales

FY2021 flat products sales volumes increased 19% on FY2020, due to strong conditions across building and construction segments and following the impacts of COVID-19 restrictions on operations and the supply chain in 2H FY2020.

- The number of new dwelling consents remained at the highest level observed in recent years, following a sustained period of growth.
- The strong demand for metal coated and COLORSTEEL® products continued, with FY2021 construction levels increasing by 30% on FY2020.
- Recently launched products, COLORSTEEL® Matte and COLORSTEEL® Dridex, continued to contribute to volume growth through FY2021.

Upgrades will be made to the COLORSTEEL® manufacturing plant in 2H FY2022, delivering capacity and flexibility to meet the increased domestic market demand. These upgrades include a $9M investment in coating equipment.

Sales of domestic long products in FY2021 increased by 34% on FY2020 levels, driven predominantly by strong demand in the infrastructure sector.

Export sales

Export volumes reduced in FY2021 due to the prioritisation of increased domestic demand. Margins on exports improved in 2H FY2021 as global steel prices improved significantly through the half.

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 buys-in both ferro and nitrided vanadium as inputs into the steelmaking process (mainly for rebar strengthening purposes) which has the effect of partly offsetting any price related increase in vanadium slag contribution.

The FY2021 net vanadium contribution was approximately $8.9M higher than FY2020. This was due to higher vanadium slag prices and sales volumes, along with lower costs of ferro vanadium alloy purchases, partly offset in part by higher nitrided vanadium costs.

Strategic review

Notwithstanding the current strong demand environment, the business has implemented most of the proposed changes to eliminate a range of loss-making products, including cold rolled annealed products, pipe and hollows, and targeting only profitable export HRC sales.

The business is also delivering on initiatives for warehousing and logistics, painted capacity enhancements and operational efficiencies, along with other cost reductions.

Consultation for all affected roles has been completed, with some staff having been informed their roles have been maintained until demand declines, impacting approximately 40 production roles. By the end of FY2021, 108 people had left or were in the process of leaving the business as a result of the initiatives from the Strategic Review.

OUTLOOK, FUTURE PROSPECTS AND RISKS

1H FY2022 outlook

Group outlook:

- At the beginning of 1H FY2022, order and despatch rates in key markets remain robust. Spot steel spreads in North America are materially higher than both 2H FY2021 and longer-term averages. In light of these unusually strong conditions, the Company expects underlying EBIT in 1H FY2022 to be in the range of $1.8 billion to $2.0 billion.
- While in the medium term we see supportive industry and end use demand trends, it is uncertain how long the current robust conditions will be sustained.
- For the purposes of the outlook, the Company has made the following 1H FY2022 average assumptions:
  - US mini-mill benchmark spreads to be ~US$420/t higher than 2H FY2021[1].
  - East Asian HRC price of ~US$810/t[2].
  - 62% Fe iron ore price of ~US$170/t CFR China[2].
  - Index hard coking coal price of ~US$180/t FOB Australia[2].
  - A$:US$ at US$0.74[2].
- Relative to 2H FY2021, expect similar underlying net finance costs, underlying tax rate, and profit attributable to non-controlling interests.
- Expectations are subject to spread, foreign exchange and market conditions

Expectations for the performance of BlueScope's businesses in 1H FY2022 relative to 2H FY2021 are as follows:

- Australian Steel Products:
  - Expect a better result compared to 2H FY2021
  - Similar to, or slightly higher domestic despatches on ongoing robust construction demand
  - Stronger benchmark spreads
  - Higher scrap and coating metal costs on global index pricing
  - Lower coke contribution on realised margins
- North Star:
  - Expect significantly stronger result compared to 2H FY2021
  - Higher benchmark spreads partly offset by unfavourable impact of realised selling prices, noting specific sales mix
  - Unfavourable impact of lower volumes on planned outage
  - Higher conversion costs including alloy input costs and labour
- Building Products Asia & North America:
  - Expect a similar to slightly better result to 2H FY2021
  - North America – expect a similar result on ongoing demand strength and cyclically elevated margin
  - ASEAN – expect a lower result due to ongoing COVID-19 disruption particularly in Malaysia and Indonesia
  - China – result expected to be around double that of 2H FY2021 on favourable seasonality
  - India – similar result
- Buildings North America:
  - Overall, expect a slightly higher result than 2H FY2021
  - Lower earnings in the core EBS business compared to 2H FY2021 with ongoing margin compression due to higher steel feed prices offsetting higher volumes
  - BPG contribution expected to be higher than last half on project timing
- New Zealand and Pacific Islands:
  - Expect a higher result than 2H FY2021
  - Similar domestic despatches on ongoing robust construction and infrastructure activity
  - Higher benchmark steel pricing, partly offset by unfavourable impact of specific sales mix relative to benchmark
  - Moderately lower energy costs
  - Similar net vanadium contribution
- Intersegment, Corporate & Group
  - Higher Corporate costs reflecting investment in Digital and Climate initiatives

[1] US mini-mill benchmark spreads quoted on a lagged basis in metric tonnes. Expected 1H FY2022 US mini-mill benchmark spread of ~US$1,175/t, compared to US$755/t in 2H FY2021.

[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.

The emergence of the COVID-19 pandemic during FY2020 created a public health emergency in much of the world. Continued outbreaks through FY2021 have meant that challenges arising from the pandemic have persisted and are expected to continue for some time.

The Group continues to operate with COVID-19 safe work practices, provide on-going support to our teams and encourage its employees to be vaccinated. These measures have been effective at minimising operational disruption and the health impacts to its employees. However, the risk of community transmission affecting the workplace requiring further measures, including Government mandated site closures, continues to be a risk to BlueScope.

In addition, travel restrictions continue to limit access by management, and our technical and project resources to key locations which may impede delivery of business improvement and capital development projects.

While customer demand across the BlueScope Group was negatively impacted to varying degrees during 2H FY2020, the global economy, and in particular North America, Australia and New Zealand, recovered faster and stronger than anticipated with favourable macroeconomic conditions in FY2021.

The price, cost and demand for BlueScope's products are uncertain and the Company considers a number of recognised external forecasters when assessing possible future market conditions. These external forecasters expect commodity steel prices to peak in FY2022 and return to be broadly in line with historical long-term average levels by FY2026. In addition, demand for BlueScope's products is expected to moderate but still remain relatively strong in Australia and New Zealand, support full utilisation of its steelmaking capacity in North America and continue to grow from the FY2021 levels in Asia over the next three years.

The pandemic has demonstrated the resilience of BlueScope's business model and its ability to manage key risks.

Notwithstanding the positive economic environment in FY2021, persistent macroeconomic and market risk factors for BlueScope 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.

b. A significant cyclical or permanent downturn in the industries in 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.

   A sustained decline could impact the long-term competitiveness of supply of steel from BlueScope's Australian and New Zealand steelmaking businesses and impact ongoing reinvestment.

   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 the Australian market 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 Company.

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:

- 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; and
- Not adapting and appropriately responding to long term implications of climate change 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 is expected to be released in September 2021, provides further information including disclosures against the Task force for Climate Related Financial Disclosure (TCFD) framework.

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.

Health, Safety, Environment & Communities:

- Failure to maintain effective occupational health and safety systems, including measures aimed at protecting BlueScope's workforce and onsite contractors since the emergence of the COVID-19 pandemic.

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 ongoing.

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, including operating with COVID-19 restrictions.
- 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.

Financial:

- Not realising and sustaining expected benefits of internal restructuring, project execution, joint ventures or future acquisitions, including in relation to the construction and integration of the expansion at NorthStar and in preparing for the future configuration of the Port Kembla Steelworks once Blast Furnace No.5 comes to the end of its current operating campaign, which is expected to occur sometime between 2026 and 2030.
- Significant asset write-downs, particularly if market conditions deteriorate for an extended period of time.
- Cost of securing incremental funding should it be required.
- Substantial additional Group contributions to its employees' pension fund in New Zealand.
- 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:

- Accelerating inflationary pressure as economies recover from effects of the pandemic may have implications for containing internal costs, primarily wages. More broadly there may be impacts on the macroeconomic environment, including interest rates and currencies.
- 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 on 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 material detriment 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. Other than the information set out in this document, information about other likely developments in BlueScope's operations in future financial years 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 North America and New Zealand & Pacific Islands.

Table 11: Detailed income Statement

	Revenue		Reported Result [1]		Underlying Result [2]	
$M	**FY2021**	**FY2020**	**FY2021**	**FY2020**	**FY2021**	**FY2020**
Sales revenue/EBIT [3]						
Australian Steel Products	5,848.5	5,418.1	674.3	305.1	674.3	305.1
North Star BlueScope Steel	2,377.7	1,713.0	674.5	187.7	677.2	189.6
Building Products Asia & North America	3,125.6	2,777.5	328.2	147.6	333.5	155.3
Buildings North America	1,098.7	1,118.5	112.3	(1.8)	87.5	37.9
New Zealand & Pacific Islands	894.3	792.4	138.4	(206.1)	130.1	(5.8)
Discontinued operations	0.1	-	9.6	(4.7)	-	-
Segment revenue/EBIT	**13,344.9**	**11,819.5**	**1,937.3**	**427.8**	**1,902.6**	**682.1**
Inter-segment eliminations	(471.9)	(535.0)	(42.1)	5.8	(42.1)	5.8
Segment external revenue/EBIT	**12,873.0**	**11,284.5**	**1,895.2**	**433.6**	**1,860.5**	**687.9**
Other revenue/(net unallocated expenses)	29.3	39.7	(136.7)	(123.9)	(136.7)	(123.9)
Total revenue/EBIT	**12,902.3**	**11,324.2**	**1,758.5**	**309.7**	**1,723.8**	**564.0**
Finance costs			(71.9)	(77.0)	(70.7)	(75.4)
Interest revenue			9.0	18.9	9.0	18.9
Profit/(loss) from ordinary activities before income tax			**1,695.6**	**251.6**	**1,662.1**	**507.5**
Income tax (expense)/benefit			(388.1)	(128.1)	(379.4)	(122.8)
Profit/(loss) from ordinary activities after income tax expense			**1,307.5**	**123.5**	**1,282.7**	**384.7**
Net (profit)/loss attributable to outside equity interest			(114.2)	(26.9)	(116.4)	(31.7)
Net profit/(loss) attributable to equity holders of BlueScope Steel Ltd			**1,193.3**	**96.5**	**1,166.3**	**353.0**
Basic earnings per share (cents)			237.0	19.0	231.6	69.6

[1] The financial report has been prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board. 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 audited 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]	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Reported earnings	**2,246.3**	**844.4**	**1,758.5**	**309.7**	**1,193.3**	**96.5**	**2.37**	**0.19**
Underlying adjustments:								
Net (gains) / losses from businesses discontinued [1]	(9.6)	4.7	(9.6)	4.7	(9.0)	6.4	(0.02)	0.01
Asset impairments [2]	-	197.0	-	197.0	-	197.0	-	0.39
Business development and acquisition costs [3]	7.9	9.4	7.9	9.4	4.2	4.3	0.01	0.01
Restructure and redundancy costs [4]	6.2	17.3	6.2	17.3	4.3	11.2	0.01	0.02
Asset sales [5]	(12.8)	(10.6)	(12.8)	(10.6)	(9.2)	(5.8)	(0.02)	(0.01)
India write-off after tax change [6]	-	6.0	-	6.0	-	6.0	-	0.01
US Pension Fund [7]	(26.4)	30.5	(26.4)	30.5	(16.3)	23.5	(0.03)	0.05
Tax asset impairment / (write back) [8]	-	-	-	-	(10.6)	13.9	(0.02)	0.03
US Federal Tax payable on internal entity transfer [9]	-	-	-	-	9.6	-	0.02	-
Underlying Operational Earnings	**2,211.6**	**1,098.7**	**1,723.8**	**564.0**	**1,166.3**	**353.0**	**2.32**	**0.70**

[1] 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). FY2020 reflects losses from the discontinued Engineered Buildings ASEAN business ($1.8M pre-tax), royalty revaluation gain ($3.0M pre-tax) and legal costs ($6.8M pre-tax) relating to the previously sold Taharoa iron sands operations and foreign exchange translation gains relating to the discontinued Engineered Buildings ASEAN business and the closed Lysaght Taiwan business ($0.9M pre-tax).

[2] FY2020 reflects write-down of plant, equipment, right of use lease assets and spares at New Zealand Steel & Pacific Islands primarily as a result of a reassessment of sustainable 'through-the-cycle' earnings ($197M pre-tax).

[3] 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). FY2020 reflects pre commissioning costs associated with the expansion project at North Star ($1.9M pre-tax) and integration and pre-commissioning associated with the Malaysian cold rolling facility acquired from YKGI Holdings at Building Products Asia & North America ($7.5M pre-tax).

[4] FY2021 reflects employee redundancy and restructuring costs at New Zealand & Pacific Steel ($4.6M pre-tax) and at Buildings North America ($1.6M pre-tax). FY2020 reflects employee redundancy and restructuring costs at Buildings North America ($9.3M pre-tax), Building Products Asia & North America ($4.8M pre-tax) and at New Zealand & Pacific Islands ($3.3M pre-tax).

[5] FY2021 reflects a gain on land that was part of an 'asset swap' arrangement at New Zealand & Pacific Steel ($12.8M pre-tax). FY2020 reflects the gain on sale of the surplus Lysaght Shanghai site in China at Building Products Asia & North America ($10.6M pre-tax).

[6] FY2020 reflects BlueScope's share of the one-time tax accounting adjustment relating to a tax rate change in India.

[7] 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). FY2020 reflects a provision for the expected cost of curtailing the Buildings North America defined benefit pension fund ($30.5M pre-tax).

[8] FY2021 reflects write back of previously impaired deferred tax assets in New Zealand ($10.6M). FY2020 reflects impairment of deferred tax assets in New Zealand ($13.9M).

[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 ($9.6M).

[10] EPS is based on the average number of shares on issue during the respective reporting periods of 503.6M in FY2021 and 507.3M in FY2020.

Table 13: Segmental underlying EBIT adjustments

FY2021 underlying EBIT adjustments $M	ASP	North Star	BP	BNA	NZPI	Corp	Discon Ops	Elims	Total
Net (gains) / losses from businesses discontinued	-	-	-	-	-	-	(9.6)		(9.6)
Asset impairments	-	-	-	-	-	-	-	-	-
Business development and acquisition costs	-	2.7	5.2	-	-	-	-	-	7.9
Restructure and redundancy costs	-	-	-	1.6	4.6	-	-	-	6.2
Asset sales	-	-	-	-	(12.8)	-	-	-	(12.8)
US Pension Fund	-	-	-	(26.4)	-	-	-	-	(26.4)
Underlying Adjustments	**-**	**2.7**	**5.2**	**(24.8)**	**(8.2)**	**-**	**(9.6)**	**-**	**(34.7)**

C. Cash Flow Statement

Table 14: Consolidated cash flow statement

$M	FY2021	FY2020	Variance
Reported EBITDA	**2,246.3**	**844.4**	**166%**
Add cash/(deduct non-cash) items			
- Share of profits from associates and joint venture partnership not received as dividends	(25.2)	(2.6)	(869)%
- Expensing of share-based employee benefits	22.6	14.0	61%
- Asset write-downs	-	197.7	(100)%
- Net (gain) loss on sale of assets	(10.0)	(2.4)	(317)%
Cash EBITDA	**2,233.7**	**1,051.1**	**113%**
Changes in working capital	(447.4)	(100.8)	(344)%
Gross operating cash flow	**1,786.3**	**950.3**	**88%**
Finance costs	(68.3)	(79.1)	14%
Interest received	9.0	20.7	(57)%
Income tax paid [1]	(68.8)	(74.0)	7%
Net cash from operating activities	**1,658.2**	**817.9**	**103%**
Capex: payments for P, P & E and intangibles	(760.4)	(579.8)	(31)%
Other investing cash flows	3.0	9.5	(68)%
Net cash flow before financing	**900.8**	**247.6**	**264%**
Buy-backs of equity	0.0	(228.5)	100%
Dividends to non-controlling interests [2]	(30.4)	(12.2)	(149)%
Dividends to BlueScope Steel Limited shareholders	(70.5)	(71.5)	1%
Net drawing / (repayment) of borrowings	(96.5)	(63.6)	(52)%
Net drawing / (repayment) of leases	(101.5)	(104.7)	3%
Other	3.0	(3.3)	191%
Net increase/(decrease) in cash held	**604.9**	**(236.2)**	**356%**

[1] The BlueScope Steel Australian tax consolidated group is estimated to have carry forward tax losses, as at 30 June 2021, of approximately $710M. 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:

- John Andrew Bevan (Chairman)
- Penelope Bingham-Hall
- Ewen Graham Wolseley Crouch AM
- Rebecca Patricia Dee-Bradbury
- Jennifer Margaret Lambert
- Mark Royce Vassella
- Richard Mark Hutchinson
- Kathleen Marie Conlon

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 64, 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.

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 58, 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.

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.

Penny Bingham-Hall, Non-executive Director (Independent)

Age 61, BA (Ind.Des) FAICD, SF(Fin)

Director since: March 2011

Directorships of other Australian listed entities in the past three years: Non-executive Director of Dexus Funds Management Limited (responsible entity for the Dexus Property Group) (June 2014 to date), Fortescue Metals Group Ltd (November 2016 to date), Vocus Group Ltd (delisted from ASX on 23 July 2021) (August 2021 to date).

Ms Bingham-Hall is a director of Dexus Property Group, Fortescue Metals Group Ltd, Vocus Group Ltd, Crescent Foundation and Supply Nation and is a former director of Australia Post, The Global Foundation, Macquarie Specialised Asset Management and the Port Authority of NSW. She has previously held non-executive directorships with other industry and community organisations, including the Tourism & Transport Forum and Infrastructure Partnerships Australia and is the inaugural Chairman of Advocacy Services Australia. Ms Bingham-Hall is Chair of Taronga Conservation Society Australia and the NSW Freight and Logistics Advisory Council and is a member of Chief Executive Women and of the WomenCorporateDirectors Foundation.

Ms Bingham-Hall spent more than 20 years in a variety of roles with Leighton Holdings (now Cimic Group) prior to retiring from the company at the end of 2009. Senior positions held with Leighton include Executive General Manager Strategy, responsible for Leighton Group's overall business strategy and Executive General Manager Corporate, responsible for business planning and corporate affairs. She brings extensive knowledge of the building and construction industry in both Australia and Asian markets.

Ms Bingham-Hall is a member of the Risk and Sustainability Committee, the Health, Safety and Environment Committee and the Nomination Committee.

Ewen Crouch AM, Non-executive Director (Independent)

Age 65, 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), Westpac Banking Corporation (February 2013 to December 2019)

Mr Crouch is a director and Chairman of Corporate Travel Management Limited. He is a Fellow of the Australian Institute of Company Directors and a member of its Law Committee. 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 53, BBus (Mkt), GAICD

Director since: April 2014

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

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 also 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 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 54, 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 and REA Group Limited. She is a Fellow of the Australian Institute of Company Directors and a member of its Reporting Committee. 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.

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 25 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.

Mark Hutchinson, Non-executive Director (Independent)

Age 61, D Bus, BCom

Director since: October 2018

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

Mr Hutchinson is a non-executive director of Mission Australia, Allianz Australia Insurance Limited and Alpha Australia. Mr Hutchinson has extensive business and leadership experience at the senior executive level. He has held various roles at General Electric (GE) over a 25 year career, the two most recent as President and Chief Executive Officer Europe (2015 – 2017) and China (2010 - 2014). In these roles, Mr Hutchinson's responsibilities included strengthening GE's operations across China and Europe and developing and executing a shared growth strategy for all GE businesses. Prior to joining GE China, he was President of GE Capital Real Estate International where he led the Real Estate team in Europe and Asia. He previously held various financial services roles at Barclays Capital Asia Limited in Australia and Hong Kong (1983 – 1994).

Mr Hutchinson brings to BlueScope a global perspective including direct operational experience in Asia. He also has extensive experience in companies which have used technology and digital to undertake transformational change.

Mr Hutchinson is Chair of the Health, Safety & Environment Committee and is a member of the Nomination Committee, the Remuneration & Organisation Committee and the Risk & Sustainability Committee.

Kathleen Conlon, Non-executive Director (Independent)

Age 57, 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 date), 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 REA Group Limited and Aristocrat Leisure Limited and a former non-executive director of CSR Limited. Ms Conlon is also a non-executive director of the Benevolent Society, 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.

Company Secretaries

The following are Company Secretaries of the Company:

Debra Counsell, BA, LLB

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

Penny Grau, BCom, LLB, LLM

Appointed Group Counsel – Secretariat with BlueScope on 6 November 2017 and appointed 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 practised as a corporate lawyer for 18 years.

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	60,388	-
M R Vassella	842,325	503,951
P Bingham-Hall	57,834	-
E G W Crouch	32,500	-
R P Dee-Bradbury	27,300	-
J M Lambert	16,079	-
R M Hutchinson	14,388	-
K M Conlon	10,208	-

Meetings of Directors

Attendance of the Directors at Board and Board Committee meetings from 1 July 2020 to 30 June 2021 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	-	5[2]	8	8	4	4	5	5	-	4[2]	1	1
M R Vassella	17	17	-	5[1]	-	8[1]	4	4	-	5[1]	-	4[1]	1	1
P Bingham-Hall	17	16	-	3[2]	5	5	4	4	5	5	4	4	1	1
E G W Crouch	17	17	5	5	-	-	4	4	5	5	4	4	1	1
R P Dee-Bradbury	17	17	4	4	8	8	4	4	5	5	-	-	1	1
J M Lambert	17	17	5	5	-	3[2]	4	4	5	5	4	4	1	1
R M Hutchinson	17	15	-	3[2]	8	8	4	4	5	5	4	4	1	1
K M Conlon	17	17	5	4	8	7	4	4	5	5	-	-	1	1

[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.

All current Directors have held office for the entire year ended 30 June 2021.

A = Number of meetings held in the period 1 July 2020 to 30 June 2021 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 2020 to 30 June 2021.

Directors meet regularly in the absence of management.

REMUNERATION REPORT

This forms part of the Directors' Report

MESSAGE FROM THE BOARD

At the beginning of FY2021, the COVID-19 pandemic made it difficult to forecast demand and understand the potential impact on supply chains across the globe and in turn our operations. To keep our people focused on delivering the best outcome for shareholders in this ambiguous context, the Board determined it would be in the best interests of our people and shareholders to adjust the Short Term Incentive (STI) in a manner that allowed us to set 1H and 2H financial targets separately, allowing for in flight adjustments that ensure the right level of stretch outcome whilst maintaining the safety and integrity of our operations.

The outstanding outcome delivered has been underpinned by three key themes: strong underlying customer demand, steel spreads and government stimulus driving demand, and importantly, timely and decisive management decisions to optimise the upside and protect against the potential downside drag on profit. This combination led BlueScope to deliver record underlying EBIT of $1.72 billion in FY2021.

To ensure a fair and balanced outcome for all stakeholders the Board has:

- **Adjusted 2H FY2021 STI targets upwards on 1H actual and updated outlook;**
- **Pressure tested performance by reviewing the full year result and key performance indicators both macro and operational; and**
- **Reviewed individual, business and Group performance to ensure remuneration outcomes were reflective of business impact.**

It is noteworthy that despite the challenging environment, BlueScope had an outstanding year in FY2021.

Domestic despatch volumes increased across the portfolio, driven by residential construction activity, growth in warehousing and e-commerce related infrastructure and transport. The Executive Leadership Team has performed exceptionally well to execute our strategy and maintain the safe operation of BlueScope's businesses. These factors, along with strong commodity steel spreads, enabled BlueScope's underlying EBIT to reach consecutive record highs, with $1.19 billion of the $1.72 billion result delivered in the second half. The business achieved a Return on Invested Capital (ROIC) of 24.8 per cent during the year whilst we continued to invest in growth in the key US market, through the cornerstone North Star expansion project. Underlying performance meant that the balance sheet was further strengthened by strong operating profits giving Directors the confidence to increase the final dividend to 25 cents per share, announce a special dividend of 19 cents per share and an on-market buy-back of up to $500M over the next twelve months.

Health and Safety

This year our performance was measured against a combination of key safety metrics. Leaders' participation in our safety transformation program exceeded our 95 per cent target, a strong indicator of engagement. However, whilst at an industry low, our lagging injury metric TRIFR has continued to plateau, only marginally exceeding the target range of 5-7. As a result, the threshold for safety under the STI was not achieved. Accordingly, the Board decided to reduce the maximum STI that could be awarded from 150 per cent to 145 per cent. While our absolute number of total recordable injuries have increased, it is pleasing that severity has decreased and there were no fatalities during the year.

In conjunction with safely managing high production volumes in many of our operations, FY2021 was dominated by managing COVID-19. Travel restrictions, remote working arrangements, hygiene measures and additional access restrictions on manufacturing sites remained in place to safeguard the health and wellbeing of our people and communities. We supported vaccination programs as they became available, according to local government guidelines. The Board and management regularly received external expert medical advice and we supported our employees through wellbeing activities and our Employee Assistance Program. In FY2021, we continued evolving our approach to safety to drive sustained improvements in risk management across our global footprint. Our leaders, including the Board and Executive Leadership Team, participated in expert-led workshops to develop knowledge in contemporary safety and leadership philosophies. Leveraging this knowledge, we began integrating our human-centred approach and implemented a substantial number of HSE risk control improvement projects across all business units.

To increase our focus on proactively managing safety and resultant outcomes in FY2022, our indicators for safety performance measures will be expanded to include critical risk management – the things that can really harm our people.

Inclusion and Diversity

In FY2021 we have continued to build an inclusive workforce which reflects the diversity of the communities in which we operate. BlueScope is now a signatory to the HESTA 40:40 Vision by which it is committing to achieve gender balance (40:40:20) in executive leadership by 2030. We have already reached the 40:40 Vision target of 40 per cent women on both our Executive Leadership Team and Board of Directors.

Our female workforce participation is growing each year and women currently represent 22 per cent of our workforce. This has increased from 16.5 per cent in FY2016.

FY2021 Performance and Reward Outcomes

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 STI set lower than our peers.
- The quantum of our Alignment Rights is set lower than market peers, reflecting the increased likelihood of equity vesting as a result of performance hurdles at a threshold level that, if achieved over the cycle, generate good returns for shareholders.
- The framework drives alignment of executives with shareholders through equity ownership, both through the design of the Alignment Rights and minimum shareholding requirements. Most executive Key Management Personnel (KMP) hold shares greater than their minimum shareholding requirement.

While consideration has been given to the impact of COVID-19 and market uncertainty on remuneration programs, both in FY2020 and FY2021, no significant changes have been required as the mechanisms for ensuring alignment during times of volatility are already in place and working as intended.

Fixed Remuneration

There was a freeze on fixed pay increases in FY2021 for all Executive KMP, with the exception of an increase for the Chief Executive New Zealand and Pacific Islands who received an adjustment to better align remuneration to the market for this role. No increase to fees for Non-executive Directors was made during FY2021.

In FY2022 all executive KMP will receive a fixed remuneration increase of 5 per cent, which for most incumbents is the first increase in several years. The MD & CEO will receive a fixed pay increase of 5 per cent in FY2022, the first increase since his appointment in January 2018.

Short Term Incentives

As noted, uncertainties surrounding the business impact of the COVID-19 pandemic made setting realistic STI targets at the outset of the financial year challenging. Given this, the Board determined to set financial targets for 1H FY2021 in the first quarter, and 2H FY2021 targets early in the calendar year. The Board also resolved to review performance at the completion of FY2021 based on the full-year outcome, with consideration of the shareholder experience throughout the year.

The STI awarded to the MD&CEO and all Executive KMP was 96.7 per cent of maximum. While there was some individual variation in performance against individual objectives, consistent strong financial performance across all business units resulted in no individual differentiation in the final awards. 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 FY2021, all Executive KMP achieved assessed outcomes above 150 per cent of target but, in line with the plan design, these were capped at 150 per cent. This was then further reduced to 145 per cent of target, at the Board's discretion, as a result of not meeting the threshold for safety performance.

More detail on the approach to target setting along with the targets and performance for the year is shown in section 4.2.

Alignment Rights (Long Term Incentive)

Over the three-year period to 30 June 2021, management delivered an average ROIC of 17.3 per cent, in excess of BlueScope's Weighted Average Cost of Capital (WACC). Combined with prudent balance sheet management consistent with the objectives of our Financial Framework, both performance conditions of the FY2019 Alignment Rights have been met and awards will vest in full in September 2021.

Changes to the Remuneration Framework in FY2022

We have conducted a review of the remuneration framework in response to feedback from shareholders on the FY2020 Remuneration Report. As a result, we have changed the STI for FY2022, by increasing the weighting in the STI scorecard for safety and other Environmental, Social and Governance (ESG) measures including climate change, as well as continuing to align our safety measures to our broader safety evolution program. No changes have been made to the Alignment Rights as they have been specifically designed for the cyclicality of our operating environment and continue to operate as intended in the current volatility. Further detail of these changes is shown in section 5.4.

We trust that this Report clearly outlines the links between our strategy, performance, and executive remuneration alignment with shareholder interests. We look forward to your continued support at our Annual General Meeting in November.

Rebecca Dee-Bradbury

Chairman,
Remuneration & Organisation Committee

John Bevan

Chairman

Table of Contents

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 2021. 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.

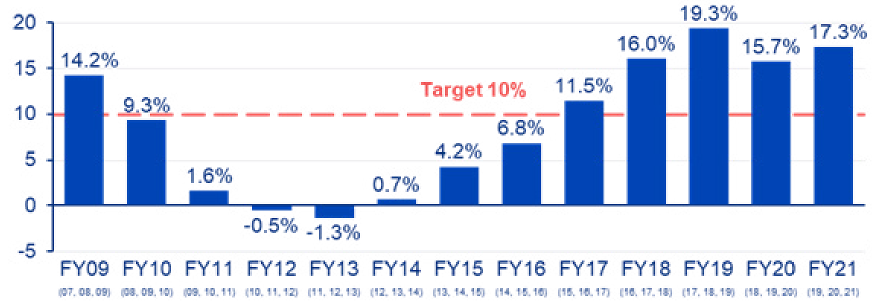
1. Who is Covered by This Report?

The following people were Key Management Personnel (KMP) for the full FY2021 reporting period except where otherwise indicated. There were no changes to KMP subsequent to the end of FY2021 and the date of release of this report.

Name	Position	
Executives		
Mark Vassella	Managing Director & Chief Executive Officer	
Tania Archibald	Chief Financial Officer	
Charlie Elias[1]	Chief Executive NS BlueScope	
Pat Finan	Chief Executive, Hot Rolled Products	
Alec Highnam	Chief Executive, BlueScope Buildings	
John Nowlan	Chief Executive, Australian Steel Products	
Gretta Stephens[2]	Chief Executive, New Zealand and Pacific Islands and Chief Executive, Climate Change	
Connell Zhang[3]	Chief Executive NS BlueScope	
Non-executive Directors		**Remuneration & Organisation Committee**
John Bevan	Chairman of the Board	Committee Member
Penny Bingham-Hall	Non-Executive Director	Chair (until 31 December 2020)
Kathleen Conlon	Non-Executive Director	Committee Member
Ewen Crouch AM	Non-Executive Director	
Rebecca Dee-Bradbury	Non-Executive Director	Committee Member (1 July – 31 December 2020) Chair (from 1 January 2021)
Mark Hutchinson	Non-Executive Director	Committee Member
Jennifer Lambert	Non-Executive Director	

[1] C Elias ceased employment on 3 July 2020.
[2] G Stephens assumed additional responsibility as Chief Executive Climate Change on 22 February 2021 and remained KMP for the full year.
[3] C Zhang commenced as Chief Executive NS BlueScope on 1 April 2021 and was considered KMP from his commencement. In the period between C Elias' cessation and C Zhang's appointment, an internal appointment was made on an interim basis. As this appointment was a 'caretaker' role for the period it is not considered to meet the definition of KMP and accordingly is not disclosed in this report.

2. Frequently Asked Questions

Key Questions	BlueScope Response	Further Info
Remuneration Framework		
How does the remuneration framework align to the Company's Strategy?	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 growing the business and delivering ROIC and cash flow targets annually; • executives for what sustains the business, and what they can influence - 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. The design of the Alignment Rights reduces the impact of external cyclicality in business performance on executive reward outcomes. The significant weighting to equity in the mix of total reward, combined with the minimum shareholding requirements, means that executives are encouraged to act like owners and their remuneration outcomes are directly aligned to the shareholder experience.	Section 3
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
Are Alignment Rights' hurdles sufficiently challenging?	Our Alignment Rights plan is designed to focus executives on sustainable growth and reward them for generating shareholder returns. The hurdles are set at threshold level to reduce the impact of external cyclicality 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. 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): • above median compared to recent performance of major global steel companies, and • around median compared to recent performance of the ASX100. This measure drives our executives to deliver consistent, sustainable performance – even during extremes in the cycle. The chart below presents BlueScope's three-year average ROIC performance since FY09 along with the Alignment Rights threshold hurdle. **Three-year rolling ROIC performance (%)**  	Section 3, Section 4.1, Section 4.3

Key Questions	BlueScope Response	Further Info
Approach to FY2021		
What changes have been made in FY2021 and why were they made?	In line with disclosures in the FY2020 Remuneration Report, the following changes to the remuneration approach were made for FY2021: • **STI Financial Targets:** Due to the uncertain outlook at the beginning of FY2021, separate financial targets were set for each financial measure for 1H and 2H FY2021 with the Board retaining discretion to consider the full year result in determining the final STI awards. • **STI Safety Gateway:** The safety gateway in the STI changed from a gateway of no fatalities and LTIFR less than 1, to a no fatalities gateway, aligning more closely to evolving industry standards whilst retaining the focus on serious incidents. • **STI Safety Targets:** The safety measure in the STI changed from MTIFR to a combination of TRIFR and a leading indicator aligned to our safety evolution. Combined with the change to the Safety gateway, this reflects our focus on reducing the severity of incidents while building safety capability and implementing high level controls for material risks. • **Alignment Rights hurdle:** The debt leverage hurdle changed from a ratio of <1.0x to <1.3x average net debt to EBITDA due to changes in the treatment of leases arising from the application of AASB 16. This results in higher debt without any commensurate change in the underlying financing arrangements and therefore the risk profile of the business.	Section 5.4
Why were STI Targets set in two halves?	As noted, uncertainties surrounding the business impact of the COVID-19 pandemic made setting realistic STI targets at the outset of the financial year challenging. Given this, the Board determined to set financial targets for 1H FY2021 in the first quarter, and 2H FY2021 targets early in the calendar year. The targets for 2H FY2021 were subsequently revised upwards based on actual 1H performance and the updated outlook. Non-financial measures for safety and individual strategic objectives were set for the full year, and reviewed mid-year, to ensure they remained aligned with business priorities and delivered strong outcomes for shareholders. No changes were made to safety or individual strategic objectives mid-year. At the end of the year, the Board considered the full year results in the context of the assumptions made when targets were set. This included reviewing whether conditions were more/less challenging than anticipated, to ensure that performance outcomes accurately reflect the relative level of stretch required to achieve the targets.	Section 4.2
FY2021 Outcomes		
How and why did the Board apply discretion in relation to FY2021 reward outcomes?	Due to the uncertain outlook at the beginning of FY2021, separate financial targets were set for each financial measure for 1H and 2H FY2021 with the Board retaining the discretion to consider the full year result in determining the final STI awards. At the end of FY2021, the Board reviewed the full year outcome and determined that whilst there were significant tailwinds, the organisation, through management, responded remarkably well to maintain operations and optimise the business and no adjustments were necessary. As the threshold level of safety performance was not achieved, the Board reduced the maximum STI that could be awarded from 150 per cent to 145 per cent.	Section 4
Is a 5 per cent increase on fixed pay justified for the MD&CEO?	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. The Board has decided to increase the MD&CEO's fixed pay by 5 per cent from September 2021, an increase applied to other Executive KMP in the year, resulting in Fixed Remuneration aligned to BlueScope's overall reward philosophy and target market position.	Section 5.4
Why has Mr Finan received a much higher short-term incentive award relative to other Executive KMP?	This role is critical to the delivery of North Star expansion, and therefore Mr Finan participates in a Project bonus plan in addition to the STI plan. The Project Bonus reflects both the criticality of the project to BlueScope and remuneration practices in the competitive US market. The Project Bonus 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 Mr Finan include actual amounts awarded for the FY2021 STI and CY2020 Project Bonus, and an estimate of the CY2021 Project Bonus for the period 1 January – 30 June 2021.	Section 4.2

Key Questions	BlueScope Response	Further Info
Were there any sign-on or termination payments made to Executive KMP in FY2021?	As disclosed in the FY2020 Remuneration Report, unvested share rights under the Alignment Rights plan for the former Chief Executive NS BlueScope (Mr Elias) remained on foot following his separation on 3 July 2020 and will be subject to the relevant performance hurdles before any vesting occurs. Rights under the FY2020 plan have been pro-rated to reflect the proportion of the performance period worked. Mr Zhang was appointed Chief Executive NS BlueScope on 1 April 2021. He will be granted 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.	Section 5.6
Why are some Non-Executive Directors receiving less in fees than last year?	Actual fees for Non-Executive Directors have not changed in FY2021. During the year, we introduced a fee sacrifice plan to enable Non-executive Directors to salary sacrifice a portion of their fees to purchase equity. Under the reporting requirements, the disclosed amount reflects the fair value of the shares purchased, rather than the amount salary sacrificed.	Section 6.2
FY2022 Remuneration Changes		
How has the Board addressed shareholder feedback on safety measures and performance within the framework?	In FY2021 the key safety measures in the STI were changed from reporting LTIFR and MTIFR to TRIFR, which includes Fatalities, Lost Time Injuries, Medical Treatment injuries and work restrictions of more than seven days. TRIFR is a more comprehensive measure and is aligned to evolving industry standards. In response to shareholder feedback to reinforce our existing focus on safety, in FY2022 we have increased the total weighting of safety measures in the STI from 5 per cent to 10 per cent. Safety will continue to be measured through a combination of a lagging indicator (TRIFR) and two leading indicators - safety leadership and delivery of HSE risk control projects. The gateway of no fatalities continues to apply to the safety component of the scorecard, with the Board retaining discretion to adjust overall STI outcomes in the event of a serious incident. For clarity of reporting to our external stakeholders, only those contractor fatalities classified as being under a BlueScope controlled management system will be disclosed in the remuneration report and included in BlueScope's overall safety performance data.	Section 5.4
How does the framework support BlueScope's Sustainability goals?	Sustainability is a critical focus area for the business, and in FY2021 this was reflected by all Executive KMP having a specific sustainability measure included in their individual objectives in the STI scorecard. From FY2022, the ELT STI scorecards will have a weighting of 15 per cent allocated to the key ESG priorities, in addition to 10 per cent on safety. For FY2022, all executive KMP will have the following ESG measures in the their STI scorecard: • Reduce Steelmaking scope 1&2 GHG emissions intensity • A climate change objective specific to role / business • Increase gender diversity in recruitment for all roles including operator/trade	Section 5.4
What changes are anticipated to be made to the FY2022 remuneration framework and why?	In FY2022, other changes to the remuneration approach include: • Reduction of the ELT's individual objectives from 45 per cent to 25 percent of the scorecard, with a focus on measurable enterprise wide strategic elements. This reflects the rebalancing of the STI scorecard with a higher weighting to safety and other ESG measures including climate change, and continuing alignment of the individual objectives to BlueScope's strategy.	Section 5.4
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?	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 competitiveness of the US remuneration approach is underway to ensure that it enables BlueScope to attract and retain local executive talent.	

3. Remuneration at a Glance

Objective

To pay fairly for delivering on our strategy, and to create value over time in the eyes of internal and external stakeholders

Principles

Retention	Owners	Strategy	Fair	Simple
Keeps the right people	Encourages executives to behave like owners	Enables the delivery of the strategy	Feels fair over the cycle for all stakeholders	Remuneration framework can be easily explained

How is remuneration structured?

Total Remuneration

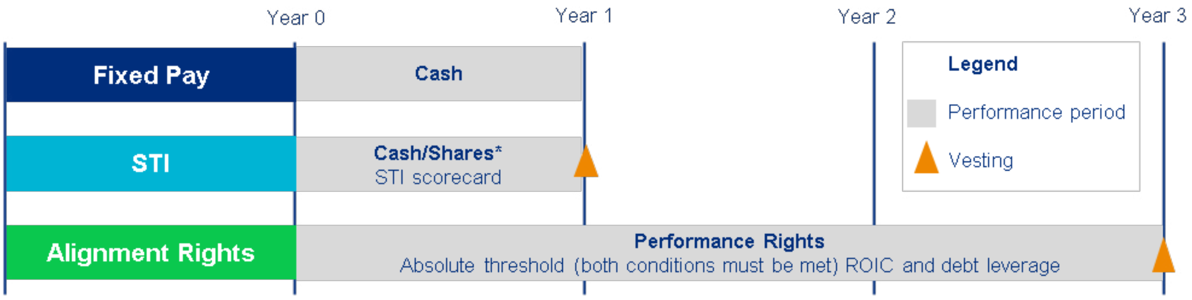
Total remuneration is designed to attract and retain capable and experienced executives, reward them for creating long term, sustainable value and provide a direct link between the interests of shareholders and executives.

	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	• 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	• 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: • Underlying Return on Invested Capital (2/3) • Cash flow from operations (1/3) **Safety (5% of total):** • Gateway of no fatalities • Total Recordable Injury Frequency Rate (TRIFR) target • Achievement of a leading indicator (safety participation) **Strategic objectives (45% of total):** • Measures based on the execution and implementation of strategic business priorities, including ESG measures such as climate change	**Gateway Condition:** • Adherence to Our Bond **Vesting Conditions:** • 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 5.4 for changes to fixed pay in FY2021	See Section 4.2 for FY2021 STI targets and outcomes	See Section 4.3 for LTI vesting based on performance up to and including FY2021

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?

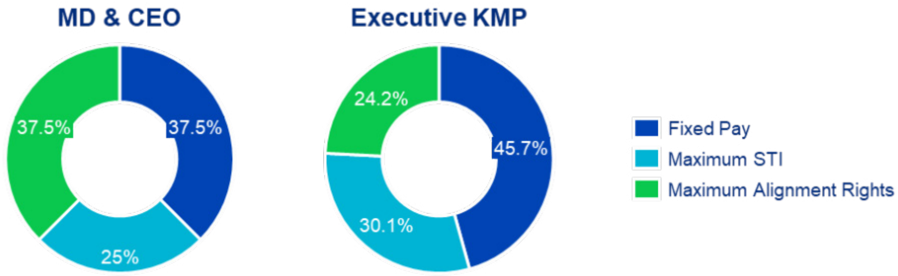
The following diagram shows how remuneration is delivered to executives.



*Executives may elect to receive 0%, 50% or 100% of STI in equity. No additional deferral applies on the equity component

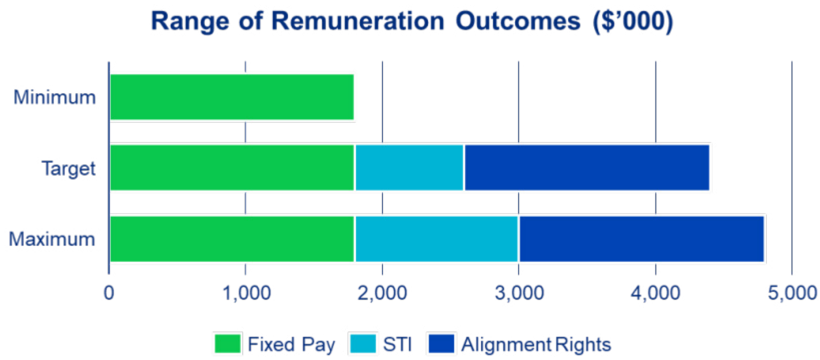
What is the mix of pay for Executive KMP?

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 $1.8 million.

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

4. Business Performance and Reward Outcomes

In FY2021 BlueScope delivered its record underlying EBIT of $1.72 billion. Steel spreads improved and volumes benefitted from robust residential construction activity combined with continued strength in warehousing, e-commerce and infrastructure end-use segment demand. The results demonstrated BlueScope' strategy at work with the strength and quality of the Company's diverse portfolio. The key business performance measures impacting FY2021 reward outcomes for Executives are shown below.

Underlying EBIT ROIC

24.8%

↗ +17.2% on FY2020

Free Cash Flow
(operating cash flow less capex)

$1,330M

(excluding North Star expansion)

↗ $660M on FY2020

Three-year average ROIC

17.3%

FY19, FY20, FY21

Safety

- **7.2** TRIFR (271 injuries)
- **1,026** leaders involved in global management program
- **100%** Board and ELT participation risk management program
- **>400** team-based risk control improvements completed

Sustainability

- ✓ 2030 GHG targets now cover over 98% of scope 1&2 emissions footprint
- ✓ 22% Female workforce participation
- ✓ 230 sustainable supply chain assessments completed
- ✓ Pandemic focus and community support
- ✓ Launched refreshed Code of Conduct

Strategy Execution

- ✓ North Star expansion on track despite COVID-19 disruptions
- ✓ Growth opportunities developed for FY2022 including cyber security strategy
- ✓ Continued progress against GHG emissions intensity targets
- ✓ Leadership engagement and management of employee mental health, wellbeing and safety

4.1 Historical Company Performance and Reward Outcomes

The Company's incentive awards are designed to align Executive remuneration with business performance, and with the weighting towards equity, shareholder outcomes. The table below summarises the Company's performance against a range of indicators for FY2021 and the last 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 the 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 shareholders through equity ownership, and reflect sustainable multi-year performance even when taking into account the variability in market conditions between years.

	FY2017	FY2018	FY2019	FY2020	FY2021
Underlying NPAT ($M)	652	826	966	353	1,166
Underlying EBIT ($M)	1,105	1,269	1,348	564	1,724
Share price at end of period ($)	13.21	17.26	12.05	11.69	21.96
Dividends per ordinary share (cents)	9	14	14	14	50
Buybacks ($M)[1]	150	300	510	229	0
Reported earnings per share (cents)	125.3	281.8	189.9	19.0	237.0
Annual ROIC	18.5%	20.0%	19.5%	7.6%	24.8%
Annual total shareholder return[2]	109%	32%	(30%)	(2%)	89%
MD&CEO STI award (% of maximum)[3]	N/A	97%	80%	75%	97.6%
3-year average annual ROIC	11.5% (FY15 - FY17)	16.0% (FY16 - FY18)	19.3% (FY17 - FY19)	15.7% (FY18 - FY20)	17.3% (FY19 - FY21)
3-year total shareholder return[2]	150% (FY15 - FY17)	491% (FY16 - FY18)	94% (FY17 - FY19)	(9%) (FY18 - FY20)	31% (FY19 - FY21)
Alignment Rights Vesting[3] (performance period)	N/A	N/A	N/A	✓ (FY18 - FY20)	✓ (FY19 - FY21)

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. Annual TSR for FY2017 and FY2019 have been restated from prior year.

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 FY2021 Short-Term Incentive Outcomes

In assessing performance, the Board considers both what has been achieved and how it was achieved, by assessing each Executive's behaviour against the expectations outlined in Our Bond, which are the guiding principles that outline 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 FY2021. 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.

Due to the uncertain outlook at the beginning of FY2021, separate financial targets were set for each financial measure for 1H and 2H FY2021 with the Board retaining the discretion to consider the full year result in determining the final STI awards.

Following the end of FY2021 and with consideration to the prevailing economic environment, market conditions and the Full Year results, the Board reviewed the FY2021 STI outcomes. The Board determined that whilst there were significant external tailwinds contributing to the result, management responded remarkably well to maintain operations and take advantage of market conditions.

In taking this approach, the Board balanced exceptional team and business performance and strong outcomes for shareholders. The Board is satisfied that management was able to capitalise on the strong market conditions to deliver significant value in FY2021, including:

- Continued progress against GHG emissions intensity targets
- Cost containment in Australian Steel Products, and robust cost discipline delivered by cost and productivity improvement program in NS BlueScope
- Steel sales of COLORBOND® steel, TRUECORE® steel, TRU-SPEC® steel and Galvanised were the highest on record for Australian Steel Products
- Robust demand for North Star, with sales into automotive markets largely unaffected by COVID-19
- New Zealand & Pacific Islands has implemented most of the proposed changes to eliminate a range of loss-making products and deliver operational efficiencies and other cost reductions
- In China, strong recovery in the key building and construction markets
- Buildings North America, foundational technology investment to modernise and provide a complete digital engineering and customer experience
- Success of BlueScope Properties Group, profitably completing 10 projects in last five years.
- Identified and commenced projects to deliver the next wave of customer, growth and productivity improvements through digital technology
- The ongoing implementation of the North Star BlueScope Steel expansion, safely managing COVID-19 disruption, and collaboration and integration with existing business
- Continuity of business operations through COVID-19 government directed lockdowns and restrictions
- Leadership engagement and management of employee mental health, wellbeing and safety

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 FY2021, all Executive KMP achieved assessed outcomes above 150 per cent of target but, in line with the plan design, these were capped at 150 per cent. This was then further reduced to 145 per cent of target, at the Board's discretion, as a result of not meeting the threshold for safety performance.

With respect to the safety component, while performance against the leading indicator (safety participation) was at the stretch level, the TRIFR result fell below the threshold level and no award was made for this measure. Consistent with the approach taken in previous years, the Board therefore reduced the maximum STI payable from 150% to 145% of target.

Below the ELT, most BlueScope employees participate in business profit share plans. In FY2021, profit share plan outcomes averaged 163 per cent of target, exceeding the STI outcomes for executive KMP.

More details on the MD & CEO's performance against the STI objectives is provided in the scorecard shown below.

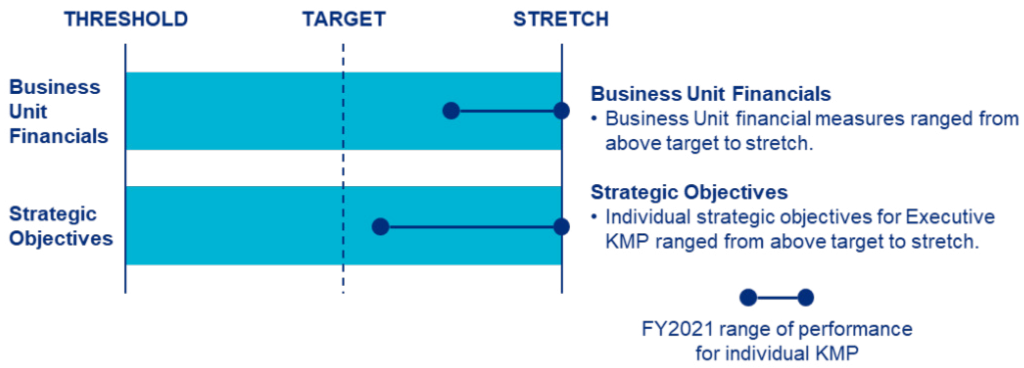
MD & CEO FY2021 STI Scorecard

Period	Measures	Rationale	Target Weighting (range of outcomes)	Targets and Performance			Actual Outcome	Commentary
				Threshold	Target	Stretch		
BlueScope Financials								
1H	Underlying EBIT ROIC (1H FY2021)	Drive earnings growth in a capital efficient manner, targeting ROIC>WACC on average through the cycle. While targets vary from year to year to reflect market conditions, these are offset by the threshold target in the Alignment Rights.	17.5% (0 - 35%)	5.3%	6.6%	9.9%	35%	• 1H FY2021 of 15.6%[1] • Above Stretch outcome
	Free Cash Flow (1H FY2021)	Drive focus on maximising free cash flow and financial health of business. Target and Actual outcomes exclude North Star expansion capital expenditure to align incentives to project success.	7.5% (0 – 15%)	$220M	$275M	$330M	15%	• 1H FY2021 FCF $670M[2] • Above Stretch outcome
2H	Underlying EBIT ROIC (FY2021)	As above	17.5% (0 - 35%)	15.0%	19.0%	21.2%	35%	• FY2021 ROIC of 24.8%[1] • Above Stretch outcome
	Free Cash Flow (FY2021)	As above	7.5% (0 – 15%)	$699M	$874M	$1,049M	15%	• FY2021 FCF $1,349M[2] • Above Stretch outcome
Safety								
Full year	TRIFR per million hours worked and leadership commitment to health and safety risk management	Measures the total recordable injuries per hours worked, and focuses leaders on reducing both the number and severity of injuries, while managing material risk controls.	5% (0 – 10%)	TRIFR 5-7	TRIFR 5-7 and >95% leadership participation in HSE evolution program	TRIFR <5 and >95% leadership participation in HSE evolution program	0%	• TRIFR of 7.2, below the threshold so measure not achieved • 100% leadership participation 1,026 leaders involved
Strategic objectives			45% (0 – 90%)					
Full year	Sustainability		15% (0 – 30%)				26%	• Good progress towards GHG emissions intensity reduction targets, and establishment of Climate Change function to drive 3-year roadmap • Strategy developed for future of manufacturing at ASP and for reline of Port Kembla blast furnace, incorporating CO2 reduction targets
	Strategy & Growth		20% (0 – 40%)				28%	• North Star expansion on-budget and ahead of schedule, despite COVID-19 disruptions • Growth opportunities positioned for FY2022 including cyber security strategy
	Employee engagement, capability and succession		10% (0 – 20%)				16%	• High level of employee engagement and productivity despite challenges of COVID-19 environment • Strong progress on capability in key strategy areas and leadership succession
Total			**100% (0 – 150%)**				**170%**	• **Award reduced to maximum payout of 145%**

[1] 1H Targets and Actual outcomes reflect six month underlying EBIT over seven-month average capital employed; 2H Targets and Actual outcomes reflect twelve month underlying EBIT over thirteen month average capital employed.

[2] Free cash flow Targets and Actual outcomes reflect cash flow before funding items such as sales of receivables program movements and exclude North Star expansion capital expenditure.

The chart below presents the range of outcomes for other executive KMP across the elements of the scorecard.



The performance against the FY2021 STI objectives resulted in the individual awards for Executive KMP shown below. The MD & CEO, CFO, Chief Executive Hot Rolled Products, Chief Executive Australian Steel Products and Chief Executive Climate Change and New Zealand and Pacific Islands all elected for 100 per cent of their FY2021 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	1,200,000	96.7%	3.3%	-	1,663,561	64.4%
T Archibald	498,750	96.7%	3.3%	-	691,405	50.8%
P Finan [3]	1,153,151	78.7%	21.3%	459,655	676,539	102.8%
A Highnam	383,250	96.7%	3.3%	370,475	-	50.8%
J Nowlan	472,500	96.7%	3.3%	-	655,021	50.8%
G Stephens	366,484	96.7%	3.3%	-	477,165	50.8%

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 $17.01 determined in accordance with AASB 2 Share Based Payments multiplied by the number of instruments that will vest. Shares to fulfil the vesting of FY2021 STI share rights will be procured on-market.

2 In FY2021 M Vassella, T Archibald, P Finan, J Nowlan and G Stephens all elected for 100 per cent of their STI payment to be delivered in equity.

3 The amount shown reflects P Finan's award under the FY2021 STI plan, the CY2020 Project Bonus and an estimate of the CY2021 Project Bonus for the period 1 January – 30 June 2021. The amount relating to CY2020 was not disclosed in the FY2020 Remuneration Report, as payment only became probable following the release of the report. The amount disclosed for 1 January – 30 June 2021 is an estimate only and, if awarded, will be paid during FY2022.

4.3 FY2021 Alignment Rights Outcomes

As disclosed in the FY2020 Remuneration Report, the FY2018 Alignment Rights vested in full shortly after the report was released. The FY2019 Alignment Rights will vest in September 2021 following the release of this report. Both the FY2018 and FY2019 Alignment Rights awards were subject to the two performance conditions shown in the table below.

Plan	Performance Measure	Result	Achieved	Vesting & Timing
FY2018 FY2018 to FY2020	3-year average ROIC at 10% or higher[1]	15.7%	✓	**100% vested in September 2020**
	Average net debt to EBITDA ratio of <1.0x over 3 years	(0.06)x	✓	
FY2019 FY2019 to FY2021	3-year average ROIC at 10% or higher[1]	18.0%	✓	**100% will vest in September 2021[2]**
	Average net debt to EBITDA ratio of <1.0x over 3 years	(0.18)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 FY2019 Alignment Rights will be procured on-market.

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 ROC, reviews the outcomes of all reward programs and determined in FY2021 not to apply discretion to adjust the outcomes of the Alignment Rights vesting, 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.

Some changes are proposed to elements of the remuneration framework in FY2022 and these are outlined in section 5.4.

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, BlueScope aims to set fixed pay at or slightly above the median of the peer group noted below. Fixed pay includes base pay and superannuation or local retirement plans.

In FY2021, only Ms Gretta Stephens, the Chief Executive New Zealand and Pacific Islands and Chief Executive Climate Change, received a fixed pay increase. In accordance with BlueScope's remuneration philosophy, a fixed pay increase of 7.1% was offered to align remuneration quantum to the target position against the market and her sustained performance.

Remuneration Peer Group

The ROC has selected (and reviews annually) a peer group of companies to benchmark remuneration that reflect 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 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 FY2021 is broadly consistent with last year and is listed below:

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

5.2 Short-Term Incentives

The following table summarises the STI plan that applied for Executive KMP in FY2021.

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Purpose</td><td>To achieve BlueScope's overall strategic objectives by motivating Executives to deliver on annual objectives.</td></tr>
<tr><td>Eligibility</td><td>All members of the ELT, including Executive KMP disclosed in this report.</td></tr>
<tr><td>Value / opportunity</td><td>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.
<table>
<tr><th>% of fixed pay</th><th>Target</th><th>Maximum</th></tr>
<tr><td>MD & CEO</td><td>44%</td><td>67%</td></tr>
<tr><td>Other Executive KMP</td><td>35%</td><td>52.5%</td></tr>
</table></td></tr>
<tr><td>Performance conditions</td><td>A summary of the performance measures and relative weightings for the FY2021 STI Plan are shown below:
<table>
<tr><th colspan="2">Performance measures</th><th>MD & CEO</th><th>Other Executive KMP</th></tr>
<tr><td rowspan="2">Financial performance</td><td>BlueScope underlying ROIC (2/3), Free Cash Flow from Operations (1/3)</td><td>50%</td><td>25%</td></tr>
<tr><td>Business Unit underlying ROIC (2/3), Cash Flow from Operations (1/3)</td><td>0%</td><td>25%</td></tr>
<tr><td>Safety</td><td>Safety performance measures, including TRIFR and leading indicators aligned to the HSE evolution program</td><td>5%</td><td>5%</td></tr>
<tr><td>Strategic objectives, incl Sustainability</td><td>Performance measures based on the execution and implementation of key annual business priorities</td><td>45%</td><td>45%</td></tr>
</table>
Refer to section 4.2 for the 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 indicator, 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.
Strategic Measures
The strategic measures vary by role and from year to year for each individual. They are primarily linked to the successful achievement of material and strategic projects with long-term impact on BlueScope's success. Projects can be either corporate or business unit driven.
Executive KMP each has a component of their strategic measures linked to BlueScope's material sustainability topics. These include objectives linked to achieving BlueScope's greenhouse gas emissions intensity reduction targets for the MD & CEO and the leaders of each of our three steelmaking sites.</td></tr>
<tr><td>Target setting</td><td>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.
BlueScope's usual approach is to set targets, both financial and non-financial, in line with the annual budget setting process which is finalised around August of each year. In FY2021 financial targets were set separately for 1H and 2H FY2021 as described in section 4.2 but are expected to be set annually in future years.</td></tr>
</table>

Feature	Description
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.
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. 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 2024 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 Bonus	The Chief Executive Hot Rolled Products North America 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 Bonus 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 Bonus may be adjusted to align with the revised timetable for the North Star expansion.

5.3 Alignment Rights

The following table summarises the Alignment Rights plan that applied in FY2021.

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Purpose</td><td>The Alignment Rights plan is intended to create long term, sustainable value and shareholder alignment through equity ownership.
Vesting of the LTI is dependent on a minimum level of business performance, to ensure shareholder value.</td></tr>
<tr><td>Eligibility</td><td>All members of the ELT, including Executive KMP disclosed in this report.</td></tr>
<tr><td>Opportunity</td><td>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>
<tr><th>% of fixed pay</th><th>Target</th></tr>
<tr><td>MD & CEO</td><td>100%</td></tr>
<tr><td>Other Executive KMP</td><td>65%</td></tr>
</table></td></tr>
<tr><td>Allocation Value</td><td>The allocation of share rights is based on face value.
The quantum of Alignment Rights awards is based on the percentage of fixed pay divided by the face value of shares using the volume weighted average price 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 cyclicality of our sector, market and share price volatility. The allocation methodology, using a three month VWAP, smooths out much of the share price variation.</td></tr>
<tr><td>Instrument</td><td>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.</td></tr>
</table>

Feature	Description
Vesting conditions	The hurdles for Alignment Rights are aligned with the delivery of sustainable earnings over a three-year period. The vesting conditions are: • as a 'gateway' condition, to be eligible for any vesting, Executives must conduct themselves in accordance with Our Bond, with an individual assessment made 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 FY2021 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. Alignment Rights are not eligible for re-testing.
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: • 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 FY2022

Fixed Pay Adjustments

In FY2022, the MD & CEO's fixed remuneration will be increased by 5 per cent. This is the first time Mr Vassella's salary has been increased since his appointment in January 2018 and reflects his sustained performance in the role, delivery of strong business results and alignment to BlueScope's target market positioning for fixed remuneration.

Effective September 2021, fixed remuneration increases of 5 per cent will be passed on to most Executive KMP. Increases for Executive KMP are not generally provided each year, and for all except the CE NZ&PI and Climate Change, the FY2022 increase is the first adjustment either since FY2020 or appointment to their current role. The increases reflect sustained performance and market movements and are aligned with remuneration increases passed on to other BlueScope employees over the same period.

FY2022 Short Term Incentive Plan

Based on a review of the STI plan and considering feedback received from investors and other stakeholders last year, the ROC has approved some changes to the STI to apply from FY2022. These changes are summarised below and will be disclosed in detail in the FY2022 Remuneration Report.

To reflect the increasing importance of ESG indicators as a measure of sustainable success, the STI scorecard has been rebalanced. From FY2022, 25 per cent of the weighting in the STI scorecard will be allocated to the key sustainability areas of safety (10 per cent) and other ESG measures including climate change (15 per cent) as shown in the diagram below. Financial measures remain weighted at 50 per cent and the remaining 25 per cent is allocated to individual objectives relevant to the executive's role and BlueScope's strategy.

FY2021	FY2022	
50% Financial performance • ⅔ underlying ROIC • ⅓ free cashflow from operations	**50% Financial performance** • ⅔ underlying ROIC • ⅓ free cashflow from operations	
5% Safety • TRIFR + safety participation	**10% Safety** • TRIFR • Safety Leadership • Delivery of HSE risk control projects	**25% Sustainability**
45% Strategic objectives • Individual objectives aligned to key strategy focus areas	**15% ESG** • BlueScope year on year emissions reduction • Business Unit/Functional climate objective • Business Uni/Functional inclusion and diversity objective	
	25% Individual objectives • Two to three individual strategic objectives aligned to business growth	

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	Maximum 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 FY2021 Executive statutory remuneration

The table below sets out remuneration for Executive KMP in FY2021, along with comparative information from FY2020 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 $	Superannuation [6] $	Movement in Long Service Leave [2] $	Share Rights [7] $	Total $	% of performance related pay [8] %
Executive Director												
M Vassella	2021	1,775,000	33,948	-	1,804	-	1,810,752	25,000	42,711	3,640,316	5,518,779	66.0
	2020	1,775,000	(20,292)	-	-	-	1,754,708	25,000	44,438	2,763,700	4,587,846	60.2
KMP Executives												
T Archibald	2021	925,000	6,882	-	598	-	932,480	25,000	22,558	1,362,209	2,342,247	58.2
	2020	916,346	17,657	414,381	-	-	1,348,384	25,000	31,348	435,510	1,840,242	46.2
P Finan	2021	855,078	(25,285)	459,655	669	-	1,290,117	28,855	-	1,673,655	2,992,627	71.3
	2020	947,709	(11,260)	597,771	174,851	-	1,709,071	31,591	-	942,894	2,683,556	57.4
A Highnam	2021	705,000	18,731	370,475	158,200	-	1,252,406	25,000	17,625	517,830	1,812,861	49.0
	2020	614,673	1,135	192,485	104,716	-	913,009	21,827	15,355	375,487	1,325,678	42.8
J Nowlan	2021	875,000	6,578	-	-	-	881,578	25,000	(13,571)	1,297,456	2,190,463	59.2
	2020	875,000	(6,638)	-	1,206	-	869,568	25,000	5,079	988,372	1,888,019	52.3
G Stephens	2021	626,305	15,026	-	1,188	-	642,519	62,631	-	987,542	1,692,692	58.3
	2020	596,071	638	96,965	-	-	693,674	59,607	-	489,640	1,242,921	47.2
C Zhang [9]	2021	177,250	8,863	-	191,694	-	377,807	26,588	-	69,464	473,859	14.7
	2020	-	-	-	-	-	-	-	-	-	-	-
Previous KMP Executive												
C Elias [10]	2021	12,228	(2,324)	-	(2,838)	-	7,066	272	(4,314)	169,109	172,133	98.2
	2020	1,125,000	(4,325)	444,793	84,205	-	1,649,673	25,000	28,502	754,008	2,457,183	48.8
Total 2021		5,950,861	62,419	830,130	351,315	-	7,194,725	218,346	65,009	9,717,581	17,195,661	
Total 2020		6,849,799	(23,085)	1,746,395	364,978	-	8,938,087	213,025	124,722	6,749,611	16,025,445	

1 Exchange rate differences affected overseas based KMP (P Finan, G Stephens and C Zhang).
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 CY2020 Project Incentive and an estimate of the CY2021 Project Incentive for the period 1 January – 30 June 2021. The amount relating to CY2020 was not disclosed in the FY2020 Remuneration Report, as payment only became probable following the release of the report. The amount disclosed for 1 January – 30 June 2021 is an estimate only and, if awarded, will be paid during FY2022.
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 FY2021, M Vassella, T Archibald, P Finan, J Nowlan and G Stephens elected to receive all of their STI in equity which is included as a share based payment. The amounts attributable to STI equity are M Vassella: $1,663,561, T Archibald: $691,405, P Finan: $676,539, J. Nowlan: $655,021, G Stephens: $477,165. 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 C Zhang commenced as KMP effective 1 April 2021.
10 C Elias ceased being a KMP effective 3 July 2020. As disclosed in FY2020, his unvested share rights granted under the FY2018, FY2019 and FY2020 Alignment Rights plans remain and will be subject to the relevant performance hurdles before any vesting occurs. Rights under the FY2020 Plan have been pro-rated to reflect the proportion of the performance period worked. All rights have been valued in accordance with AASB 2. No additional termination benefits have been provided.

5.7 FY2021 Realised Pay

The following table outlines actual pay earned or realised by Executive KMP during FY2021. 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 payable.

Realised pay includes the base salary, superannuation/retirement and other benefits paid or payable in relation to FY2021. It also includes the realised value of STI awards earned in relation to the FY2021 performance year (both cash and equity components), and the realised value of vested Alignment Rights with a performance period ending on 30 June 2021.

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)[6] $	Total including share price change $
M Vassella	2021	1,800,000	1,804	-	1,159,984	1,799,990	4,761,778	987,682	408,241	6,157,701
	2020	1,800,000	-	-	895,371	1,297,872	3,993,243	(20,433)	(96,491)	3,876,319
T Archibald	2021	950,000	598	-	482,110	584,979	2,017,687	410,498	132,674	2,560,859
	2020	941,346	-	414,381	-	431,277	1,787,004	-	(32,063)	1,754,941
P Finan	2021	883,933	669	306,437	471,744	634,920	2,297,703	401,672	144,001	2,843,376
	2020	979,300	97,659	597,771	-	547,842	2,222,572	-	(40,729)	2,181,843
A Highnam	2021	730,000	220,957	370,475	-	460,035	1,781,467	-	104,337	1,885,804
	2020	636,500	172,406	192,485	-	449,968	1,451,359	-	(33,453)	1,417,906
J Nowlan	2021	900,000	-	-	456,740	584,979	1,941,719	388,896	132,674	2,463,289
	2020	900,000	1,206	-	406,563	260,471	1,568,240	(9,278)	(19,365)	1,539,597
G Stephens	2021	688,936	1,188	-	332,722	386,465	1,409,311	283,300	87,651	1,780,262
	2020	655,678	-	96,966	97,080	-	849,724	(2,215)	-	847,509
C Zhang	2021	203,838	159,587	-	-	-	363,425	-	-	363,425
	2020	-	-	-	-	-	-	-	-	-
Previous KMP Executive										
C Elias	2021	12,500	2,455	-	-	-	14,955	-	-	14,955
	2020	1,150,000	339,775	444,793	-	712,523	2,647,091	-	(52,973)	2,594,118

1 Fixed Remuneration is salary inclusive of superannuation and allowances.
2 Other benefits include executive health checks and benefits and fringe benefits tax provided to international assignees.
3 STI (cash) is the amount relating to performance in the FY2021 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 2020 that was paid during FY2021.
4 STI (equity) is the amount relating to performance in the FY2021 financial year which the executive elected to take as equity (share price at grant of $11.8609 based on 3 month VWAP to 31 August 2020).
5 The FY19 LTI award will vest in September, the value at allocation was $17.9002 per share (3 month VWAP to 31 August 2018).
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 2021).

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 FY2019 Alignment Rights and FY2021 STI resulted in an increase in value delivered since grant as shown in the chart below.

6. Non-executive Director fees

6.1 Policy and Approach

Board and Committee Fees

There was no increase in the fees payable to Non-executive Directors during FY2021.

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.

Role		Base Fees (incl super)
Chairman[1]		$506,530
Non-executive Director		$178,030
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
Nominations Committee		No fees paid

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

Non-executive Director Fee Sacrifice Plan

From 1 October 2020, a fee sacrifice plan for Non-executive Directors was introduced, to enable Non-executive Directors to build meaningful levels of equity more quickly. 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. Details of the plan are shown in the table below.

Feature	Description
Eligibility	Non-executive Directors
Year of grants	The plan was introduced in FY2021 and will typically run for the financial year. In FY2021 the plan operated from 1 October 2020 to 30 June 2021.
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	Rights are allocated in two tranches and vesting and exercise for each tranche occurs shortly after 31 December (tranche one) and 30 June (tranche two). Share rights are automatically exercised and shares allocated on vesting.
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 being a continuous six-month period in relation to each Tranche of Share Rights.
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 BlueScope'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. BlueScope 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 fifteen years or retirement from the Board, Non-executive Directors can access their shares.
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 BlueScope's share trading policy.

Minimum Shareholding

Non-executive Directors are expected to build a shareholding in the Company equivalent to one year's base fees.

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 2021 amounted to $1,994,134 (FY2020 $1,877,381).

Superannuation

Compulsory superannuation contributions are paid on behalf of each Director unless they have elected an exemption, with no other retirement benefits provided.

6.2 FY2021 Non-executive Director Statutory Remuneration

Details of the FY2021 audited remuneration for each Non-executive Director are set out in the following table.

Name	Year	Short-term benefits Fees[1] $	Non-monetary $	Sub-total $	Post-employment benefits[2] $	Share Based Payment[3] $	Total $
Non-executive Directors							
J Bevan	2021	430,550	-	430,550	-	63,477	494,027
	2020	496,028	-	496,028	10,502	-	506,530
P Bingham-Hall	2021	243,672	-	243,672	-	-	243,672
	2020	250,528	-	250,528	10,502	-	261,030
K Conlon	2021	241,030	-	241,030	-	-	241,030
	2020	90,800	-	90,800	2,901	-	93,701
E Crouch	2021	239,335	-	239,335	21,695	-	261,030
	2020	250,528	-	250,528	10,502	-	261,030
R Dee-Bradbury	2021	222,326	-	222,326	20,985	-	243,311
	2020	220,119	-	220,119	20,911	-	241,030
M Hutchinson	2021	199,278	-	199,278	21,695	33,457	254,430
	2020	232,027	-	232,027	21,003	-	253,030
J Lambert	2021	212,630	-	212,630	21,695	22,309	256,634
	2020	240,027	-	240,027	21,003	-	261,030
Total 2021		1,788,821	-	1,788,821	86,070	119,243	1,994,134
Total 2020		1,780,057	-	1,780,057	97,324	-	1,877,381

[1] There was no increase in Chairman or Directors' base 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 - $75,980; M Hutchinson - $40,057 and J Lambert - $26,705.

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

[3] Share based payments represent the fair value of the salary sacrificed shares. The fair value has been assessed at $12.54 per share.

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 People Officer, 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.

Consultation with shareholders and other stakeholders

- Management may seek its own independent advice with respect to information and recommendations relevant to remuneration

Board

The Board is responsible for:

- approving BlueScope's remuneration strategy
- determining the quantum of remuneration for Non-executive Directors and MD & CEO.

The Board has overarching discretion with respect to any awards made under the Company's incentive plans.

Remuneration consultants and other external advisors

- Provide independent advice, information and recommendations relevant to remuneration decisions.
- The ROC may seek independent advice from external advisors on various remuneration related matters.
- Any advice provided by external advisors is used to assist the Board – it is not a substitute for the Board and ROC procedures.

Management

- Provides information relevant to remuneration decisions and makes recommendations to the ROC.
- Obtains remuneration information from external advisors to assist the ROC (i.e. market data, legal, tax and accounting advice).

Remuneration and Organisation Committee (ROC)

The ROC is delegated responsibility by the Board to review and, where relevant, make recommendations on:

- the People and Remuneration strategy
- monitoring and measuring culture
- remuneration policies and framework for the Company's Directors and Executives
- ELT succession planning and talent development
- ELT terms of appointment
- performance and remuneration outcomes for the ELT
- Inclusion and diversity principles and objectives.

Audit Committee

The Audit Committee supports the ROC by:

- reviewing earnings figures which form the basis for STI awards

Risk & Sustainability Committee

The Risk & Sustainability Committee supports the ROC by:

- providing advice relating to material risk issues, behaviours and / or compliance breaches that may affect deliberations

7.2 Activities of the ROC in FY2021

The major activities of the ROC in FY2021 are outlined below.

Remuneration

- 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 factors.
- Considering individual performance and impact on individual variable reward outcomes.
- Special meetings to address the FY2021 STI targets and progress towards objectives.
- Undertaking a review of the operation and effectiveness of performance and reward programs across the Company including links between performance and various reward elements, and Alignment Rights plan effectiveness below executive level.
- Review of the remuneration strategy in North America, its effectiveness in attracting and retaining talent and market competitiveness.
- Review of the STI plan measures and weightings, specifically the role of safety and other ESG measures in driving organisational objectives.
- Development of principles to fairly guide the application of Board and ROC discretion in assessing remuneration outcomes.
- Consider and recommend the application of discretion in relation to variable reward outcomes for Executives

Talent, Succession & Leadership	•	Reviewing the employee experience, particularly regarding perceptions on culture and leadership, to define the critical capabilities articulated in the Leading at BlueScope framework.
	•	Review of talent and succession strategy and CEO succession process and responsibility matrix.
	•	Monitoring senior talent development
Risk & Governance	•	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.
	•	Considering the framework for BlueScope's approach to Social Impact and Inclusion.
	•	Monitoring progress on diversity and inclusion objectives, particularly focused on but not limited to gender diversity of senior executives.
	•	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 FY2021, 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	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. In determining whether any discretion should be applied, the Board considers the extent to which reward outcomes are: • 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. In FY2021 the Board used their discretion to reduce the maximum STI that could be awarded from 150 per cent to 145 per cent to reflect the Safety component forgone by not meeting the threshold performance level for TRIFR.
Malus / Forfeiture	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. In FY2021, the Board did not exercise their discretion on variable reward relating to misconduct.
Clawback	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 outstanding FY2018 and FY2019 awards. From the FY2020 award onwards, the clawback provision applies to all participants. No awards were subject to clawback during FY2021.

Element	Terms
Change of control	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.

7.5 Securities Trading Policy

The BlueScope Securities Trading Policy prohibits employees from dealing in BlueScope 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 ELT, including KMP, is expected to build their shareholding on a progressive basis over a reasonable period. The ROC regularly monitors the shareholding of KMP and the ELT. 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 2021, most Executive KMP hold shares in excess of the minimum shareholding requirement, and those who do not are on track to achieving this in the next two years.

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, is 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 FY2021. No amount is payable on the exercise of vested options. There have been no grants of options or rights post year end.

During the year the following equity awards vested.

Share Rights holdings for FY2021

	Balance at 30 June 2020	Granted in year ended 30 June 2021 [1]	Exercised in year ended 30 June 2021 [2]	Lapsed in year ended 30 June 2021	Balance at 30 June 2021	Vested and not yet exercised at 30 June 2021	Unvested at 30 June 2021	Total Share Rights vested in year ended 30 June 2021	Value of Share Rights granted during the year at grant date [3]	Value of Share Rights exercised during the year [4]
	#	#	#	#	#	#	#	#	$	$
Non-executive Directors										
J Bevan	-	5,062	2,135	-	2,927	2,927	-	5,062	63,477	37,555
M Hutchinson	-	2,668	1,125	-	1,543	1,543	-	2,668	33,457	19,789
J Lambert	-	1,779	750	-	1,029	1,029	-	1,779	22,309	13,193
Executive Director										
M Vassella	428,635	252,931	177,615	3,373	500,578	97,799	402,779	200,569	4,253,793	2,335,637
KMP Executives										
T Archibald	118,447	94,110	34,150	1,402	177,005	40,647	136,358	74,797	1,584,152	449,073
P Finan	202,611	92,087	43,380	1,372	249,946	39,773	210,173	83,153	1,550,098	570,447
A Highnam	100,993	40,005	35,630	-	105,368	-	105,368	35,630	667,683	468,535
J Nowlan	136,190	89,157	54,610	1,328	169,409	38,508	130,901	59,133	1,500,778	718,122
G Stephens	65,823	67,805	8,115	968	124,545	28,052	96,493	28,052	1,140,952	106,712
C Zhang[5]	-	-	-	-	-	-	-	-	-	-
Previous KMP Executive					-					
C Elias	160,654	-	-	45,127	115,527	-	115,527	-	-	-

[1] The number of share rights granted includes rights awarded under the FY2021 Alignment Rights Award which are subject to Company performance hurdles. M Vassella, T Archibald, P Finan, J Nowlan and G Stephens elected to receive share rights under the FY2021 STI Award. The number of share rights granted for the Non-executive Directors comprises the FY2021 NED Fee Sacrifice Plan.

[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, J Nowlan and G Stephens this amount includes performance rights in respect of the FY2020 STI Award which vested in FY2020 and were exercised during FY2021

[3] External valuation advice from PricewaterhouseCoopers Securities Limited has been used to determine the value of share rights awarded in the year ended 30 June 2021. The valuation has been made using the Black-Scholes Option Pricing Model that includes a Monte Carlo simulation analysis. The fair value per instrument of the Share Rights granted in the year ended 30 June 2021 was: FY2021 LTI Award - $16.69; FY2021 STI Award - $17.01; FY2021 NED Fee Sacrifice Plan $12.54.

[4] Shares rights exercised during the year under the FY2020 STI Award, FY2018 Alignment Right Award and FY2021 NED Fee Sacrifice Plan (Tranche 1). The value of the share rights exercised during the year was at the date of exercise which was 2 September 2020 for the FY2018 Alignment Rights Award and 4 January 2021 for the FY2021 NED Fee Sacrifice Plan (Tranche 1). The share price at those dates was $13.15 and $17.59 respectively.

[5] C Zhang commenced as KMP effective 1 April 2021. C Zhang did not hold or receive any share rights during FY2021.

There were 4,296,749 unvested securities on issue at the time of this report and 1,179,891 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 and awards outstanding during FY2021 for Executive KMP.

2021	Award Details	Number of Share Rights awarded	Date of grant	% vested in year ended 30 June 2021	% forfeited in year ended 30 June 2021	Share Rights yet to vest	Financial year in which awards may vest
Executive Director							
M Vassella	FY18 LTI AR Award - 3 yr[1]	102,770	01-Sep-17	100	-	-	2021
	FY19 LTI AR Award - 3 yr	100,557	01-Sep-18	-	-	100,557	2022
	FY20 LTI AR Award - 3 yr	150,463	18-Dec-19	-	-	150,463	2023
	FY21 LTI AR Award - 3 yr[2]	151,759	14-Dec-20	-	-	151,759	2024
	FY21 STI Award - 1 yr[3]	101,172	14-Dec-20	97	3	-	2021
KMP Executives							
T Archibald	FY18 LTI AR Award - 3 yr[1]	34,150	01-Sep-17	100	-	-	2021
	FY19 LTI AR Award - 3 yr	32,680	01-Sep-18	-	-	32,680	2022
	FY20 LTI AR Award - 3 yr	51,617	18-Dec-19	-	-	51,617	2023
	FY21 LTI AR Award - 3 yr[2]	52,061	14-Dec-20	-	-	52,061	2024
	FY21 STI Award - 1 yr[3]	42,049	14-Dec-20	97	3	-	2021
P Finan	FY18 LTI AR Award - 3 yr[1]	43,380	01-Sep-17	100	-	-	2021
	FY19 LTI AR Award - 3 yr	35,470	01-Sep-18	-	-	35,470	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[2]	50,942	14-Dec-20	-	-	50,942	2024
	FY21 STI Award - 1 yr[3]	41,145	14-Dec-20	97	3	-	2021
A Highnam	FY18 LTI AR Award - 3 yr[1]	35,630	01-Sep-17	100	-	-	2021
	FY19 LTI AR Award - 3 yr	25,700	01-Sep-18	-	-	25,700	2022
	FY20 LTI AR Award - 3 yr	39,663	18-Dec-19	-	-	39,663	2023
	FY21 LTI AR Award - 3 yr[2]	40,005	14-Dec-20	-	-	40,005	2024
J Nowlan	FY18 LTI AR Award - 3 yr[1]	20,625	01-Sep-17	100	-	-	2021
	FY19 LTI AR Award - 3 yr	32,680	01-Sep-18	-	-	32,680	2022
	FY20 LTI AR Award - 3 yr	48,900	18-Dec-19	-	-	48,900	2023
	FY21 LTI AR Award - 3 yr[2]	49,321	14-Dec-20	-	-	49,321	2024
	FY21 STI Award - 1 yr[3]	39,836	14-Dec-20	97	3	-	2021
					-		
G Stephens	FY19 LTI AR Award - 3 yr	21,590	01-Sep-18	-	-	21,590	2022
	FY20 LTI AR Award - 3 yr	36,118	18-Dec-19	-	-	36,118	2023
	FY21 LTI AR Award - 3 yr[2]	38,785	14-Dec-20	-	-	38,785	2024
	FY21 STI Award - 1 yr[3]	29,020	14-Dec-20	97	3	-	2021
Previous KMP Executive							
C Elias	FY18 LTI AR Award - 3 yr[1]	56,420	01-Sep-17	100	-	56,420	2021
	FY19 LTI AR Award - 3 yr	41,750	01-Sep-18	-	-	41,750	2022
	FY20 LTI AR Award - 3 yr	62,484	18-Dec-19	-	72	17,357	2023

[1] Following the release of the FY2020 Remuneration Report and based on performance against targets, the Board approved vesting of share rights granted under the FY2018 LTI Alignment Right Award

[2] The FY2021 LTI Alignment Rights Award expiry date is 31 December 2026.

[3] The FY2021 STI Award expiry date is 31 December 2024

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 2020	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 2021
Non-executive Directors					
J Bevan	55,326	-	-	2,135	57,461
P Bingham-Hall	57,834	-	-	-	57,834
K Conlon	10,208	-	-	-	10,208
E Crouch	32,500	-	-	-	32,500
R Dee-Bradbury	27,300	-	-	-	27,300
M Hutchinson	11,720	-	-	1,125	12,845
J Lambert	14,300	-	-	750	15,050
Executive Director					
M Vassella	878,050	177,615	-	(213,340)	842,325
KMP Executives		-			
T Archibald	91,869	34,150	-	(27,075)	98,944
P Finan	502,971	43,380	-	(280,856)	265,495
A Highnam	163,900	35,630	-	(17,815)	181,715
J Nowlan	308,876	54,610	-	(73,171)	290,315
G Stephens [3]	5,460	8,115	-	-	13,575
C Zhang[4]	-	-	-	-	-
Previous KMP Executive					
C Elias[5]	558,214	-	-	-	558,214

1 Exercise of share rights awarded under the FY2018 Alignment Rights Plan and FY2020 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 On commencement, G Stephens received 5,460 sign-on shares which were subject to a restriction period which ended on 25 June 2021.
4 C Zhang commenced as KMP effective 1 April 2021. C Zhang does not hold any shares.
5 C Elias ceased being a KMP effective 3 July 2020 and the shareholding is represented at this date.

8.3 Loans to Key Management Personnel and Directors

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 FY2021 YTD, BlueScope notified relevant authorities of 16 incidents resulting in environmental non-compliance, 13 of which occurred in Australia, where BlueScope's Australian manufacturing operations are subject to significant environmental reporting obligations. This is consistent with 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 EPA issued four advisory letters in relation to incidents at the Port Kembla Steelworks, although two of these were addressed to Australian Steel Products' contractors (in relation to coal dust emissions from No.4 Coal Storage Area on 25 September 2020 and in relation to an extended truck wash outage in Alliances and Recycling Area on 17 February 2021), in recognition of the primary control exercised by the contractors. The other two advisory letters related to a partial collapse on 11 July 2020 of a structure supporting the grit arrester system at the coke ovens which reduced the capacity of the grit arrester by approximately 15% and to an emission from a coke making battery standpipe on 1 April 2021.

Also in relation to the Port Kembla Steelworks, Australian Steel Products received from the EPA an official caution for a breach of the limit for total suspended solids at Flat Products East No. 1 Drain on 14 July 2020, a formal warning for an emission from a battery hopper at coke making on 28 November 2020 and a penalty infringement notice (A$15k fine) for the discharge of approximately 100L of dilute Coke Ovens Gas (COG) Condensate from a Blast Furnace COG sump into the Blower Station Drain on 17 April 2021.

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 and first Climate Action Report, due for release in September 2021.

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 30). 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 the 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. In FY2021 the Company has paid $624.75 (excl GST) for reasonable legal costs incurred by an officer of the Company acting in that capacity.

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 DECLARATION

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

Auditor Independence

The Auditor's Independence Declaration for the year ended 30 June 2021 has been received from Ernst & Young. This is set out at page 67 of the Directors' Report.

Non-Audit Services

Ernst & Young provided $1,232,000 of non-audit services during the year ended 30 June 2021, comprising:

$1,157,000 for advisory services; and

$75,000 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

16 August 2021

Building a better
working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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

As lead auditor for the audit of the financial report of BlueScope Steel Limited for the financial year ended 30 June 2021, 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.

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

Ernst & Young

Ernst & Young

Glenn Carmody
Partner
16 August 2021

GLOSSARY

1H	Six months ended 31 December in the relevant financial year
1H FY2020	Six months ended 31 December 2019
1H FY2021	Six months ended 31 December 2020
1H FY2022	Six months ended 31 December 2021
2H	Six months ended 30 June in the relevant financial year
2H FY2020	Six months ending 30 June 2020
2H FY2021	Six months ending 30 June 2021
ASEAN	Association of South East Asian Nations
ASP	Australian Steel Products segment
A$, $	Australian dollar
BNA	Buildings North America segment
BP or Building Products	Building Products Asia & North America segment
BPG	BlueScope Properties Group
BlueScope or the Group	BlueScope Steel Limited and its subsidiaries (i.e. the consolidated group)
the Company	BlueScope Steel Limited (i.e. the parent entity)
CY2020	Calendar year ended 31 December 2020
DPS	Dividend per share
DRI	Direct Reduced Iron
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBS	Engineered building solutions, a key product offering of BNA and Building Products
EPS	Earnings per share
FY2020	12 months ending 30 June 2020
FY2021	12 months ending 30 June 2021
FY2022	12 months ending 30 June 2022
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
Net debt, or ND	Gross debt less cash
n/m or nmf	Not meaningful
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
ROIC	Return on invested capital (or ROIC), last 12 months' underlying EBIT over trailing 13 month average capital employed. Note, previous representations of half year ROIC figures were calculated as annualised six month underlying EBIT over seven month average capital employed
ROU	Right of use
TBSL	Tata BlueScope Steel
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 2021

Contents

Statement of Comprehensive Income

BLUESCOPE STEEL LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Consolidated 2021 $M	2020 $M
Revenue from continuing operations	2	**12,902.2**	11,324.2
Other income	3	**74.1**	68.3
Changes in inventories of finished goods and work in progress		**208.2**	(124.5)
Raw materials and consumables used		**(7,609.4)**	(6,810.1)
Employee benefits expense		**(1,810.1)**	(1,780.1)
Depreciation and amortisation expense	12,13,17(b)	**(487.8)**	(534.6)
Impairment expense of non-current assets	14(f)	**-**	(160.7)
Inventory spares write-down	14(f)	**-**	(37.0)
Freight on external despatches		**(546.7)**	(539.8)
External services		**(789.5)**	(783.0)
Finance costs	16(f),17(d)	**(71.9)**	(77.0)
Net restructuring expenses		**(3.2)**	(3.3)
Other expenses		**(205.5)**	(288.9)
Share of net profits of associates and joint venture partnerships accounted for using the equity method	23(a),24(a)	**25.2**	2.8
Profit before income tax		**1,685.6**	256.3
Income tax (expense)	4(a)	**(388.1)**	(128.0)
Profit from continuing operations		**1,297.5**	128.3
Profit (loss) from discontinued operations after income tax		**10.0**	(4.8)
Net profit for the year		**1,307.5**	123.5
Items that may be reclassified to profit or loss			
Net gain (loss) on cash flow hedges		**29.7**	(20.0)
- Income tax benefit (expense)		**(9.0)**	6.2
Net (loss) on net investments in foreign subsidiaries	19(a)	**(40.4)**	(1.7)
- Income tax benefit		**12.1**	0.4
Exchange fluctuations on translation of foreign operations attributable to BlueScope Steel Limited	19(a)	**(206.8)**	7.2
Items that will not be reclassified to profit or loss			
Actuarial gains (losses) on defined benefit superannuation plans	11(i)	**208.8**	(111.3)
- Income tax benefit (expense)		**(58.5)**	31.1
Investment revaluation	21	**12.6**	(8.7)
Exchange fluctuations on translation of foreign operations attributable to non-controlling interests		**(49.6)**	7.1
Other comprehensive (loss) for the year		**(101.1)**	(89.7)
Total comprehensive income for the year		**1,206.4**	33.8
Profit is attributable to:			
Owners of BlueScope Steel Limited		**1,193.3**	96.5
Non-controlling interests		**114.2**	27.0
		1,307.5	123.5
Total comprehensive income for the year is attributable to:			
Owners of BlueScope Steel Limited		**1,141.8**	(0.7)
Non-controlling interests		**64.6**	34.5
		1,206.4	33.8

Earnings per share for profit attributable to ordinary equity holders of the Company from:	Notes	2021 Cents	2020 Cents
Continuing operations:			
Basic earnings per share	5	**234.9**	19.9
Diluted earnings per share	5	**232.8**	19.8
Total operations:			
Basic earnings per share	5	**237.0**	19.0
Diluted earnings per share	5	**234.9**	18.9

Statement of Financial Position

BLUESCOPE STEEL LIMITED
AS AT 30 JUNE 2021

	Notes	Consolidated 2021 $M	2020 $M
ASSETS			
Current assets			
Cash and cash equivalents	15	**1,961.9**	1,399.5
Trade and other receivables	6	**1,609.2**	1,077.0
Contract assets	2(b)	**31.2**	24.3
Inventories	7	**2,318.2**	1,921.6
Operating intangible assets	8	**45.6**	35.9
Derivative financial instruments	31(d)	**10.4**	0.1
Deferred charges and prepayments		**162.3**	124.2
		6,138.8	4,582.6
Non-current assets classified as held for sale	12(a)	**-**	10.3
Total current assets		**6,138.8**	4,592.9
Non-current assets			
Trade and other receivables	6	**42.0**	52.1
Inventories	7	**61.6**	60.2
Operating intangible assets	8	**106.2**	78.4
Derivative financial instruments	31(d)	**18.7**	7.6
Investments accounted for using the equity method	23,24	**109.3**	89.7
Other investments - fair value through other comprehensive income	21	**27.9**	15.5
Property, plant and equipment	12	**4,521.9**	4,175.3
Right-of-use assets	17(b)	**357.9**	338.0
Intangible assets	13	**1,544.1**	1,721.5
Deferred tax assets	4(d)	**204.3**	413.2
Deferred charges and prepayments		**16.3**	15.9
Total non-current assets		**7,010.2**	6,967.4
Total assets		**13,149.0**	11,560.3
LIABILITIES			
Current liabilities			
Trade and other payables	9	**2,185.8**	1,679.2
Borrowings	16	**73.7**	121.2
Lease liabilities	17(c)	**95.3**	97.4
Current tax liabilities		**75.1**	11.7
Provisions	10	**549.0**	420.9
Contract liabilities	2(b)	**268.3**	178.7
Deferred income		**30.3**	26.3
Derivative financial instruments	31(d)	**3.5**	5.6
Total current liabilities		**3,281.0**	2,541.0
Non-current liabilities			
Trade and other payables	9	**50.0**	59.2
Borrowings	16	**548.8**	662.8
Lease liabilities	17(c)	**446.0**	439.0
Deferred tax liabilities	4(d)	**258.6**	167.6
Provisions	10	**185.0**	179.0
Contract liabilities	2(b)	**6.2**	7.2
Retirement benefit obligations	11	**196.3**	439.7
Deferred income		**3.9**	3.1
Derivative financial instruments	31(d)	**12.8**	22.1
Total non-current liabilities		**1,707.6**	1,979.7
Total liabilities		**4,988.6**	4,520.7
Net assets		**8,160.4**	7,039.6
EQUITY			
Contributed equity	18(a)	**3,649.9**	3,634.7
Reserves	19	**156.9**	354.6
Retained profits		**3,822.8**	2,553.8
Parent entity interest		**7,629.6**	6,543.1
Non-controlling interests	22	**530.8**	496.5
Total equity		**8,160.4**	7,039.6

Statement of Changes in Equity

BLUESCOPE STEEL LIMITED
AS AT 30 JUNE 2021

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(d)	(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**

Consolidated - 30 June 2020	Notes	Contributed equity $M	Reserves $M	Retained profits $M	Non-controlling interests $M	Total $M
Balance at 1 July 2019		**3,832.8**	**369.0**	**2,662.3**	**477.4**	**7,341.5**
Accounting policy changes (AASB 16 Leases) - 1 July 2019		-	-	(71.6)	-	(71.6)
- Tax credit		-	-	20.3	-	20.3
Non-controlling interest share of accounting policy changes after tax		-	-	3.1	(3.1)	-
Adjusted balance at 1 July 2019		**3,832.8**	**369.0**	**2,614.1**	**474.3**	**7,290.2**
Profit for the period		-	-	96.5	27.0	123.5
Other comprehensive income (loss)		-	(17.1)	(80.1)	7.5	(89.7)
Total comprehensive income (loss) for the year		**-**	**(17.1)**	**16.4**	**34.5**	**33.8**
Transactions with owners in their capacity as owners:						
Issue of share awards	18(b),19(a)	16.5	(16.5)	-	-	-
Share-based payment expense	19(a)	-	14.0	-	-	14.0
Share buybacks		(220.1)	-	-	-	(220.1)
Dividends paid		-	-	(71.5)	(12.2)	(83.7)
Tax credit recognised directly in equity	18(b)	5.5	-	-	-	5.5
Other		-	5.2	(5.2)	(0.1)	(0.1)
		(198.1)	2.7	(76.7)	(12.3)	(284.4)
Balance at 30 June 2020		**3,634.7**	**354.6**	**2,553.8**	**496.5**	**7,039.6**

Statement of Cash Flows

BLUESCOPE STEEL LIMITED
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Consolidated 2021 $M	2020 $M
Cash flows from operating activities			
Receipts from customers		**12,887.0**	11,804.9
Payments to suppliers and employees		**(11,129.7)**	(10,891.4)
		1,757.3	913.5
Associate dividends received		**-**	0.2
Dividends received- other		**0.2**	0.3
Interest received		**9.0**	20.7
Other revenue		**28.8**	36.3
Finance costs paid		**(68.3)**	(79.1)
Income taxes paid		**(68.8)**	(74.0)
Net cash inflow from operating activities	15(a)	**1,658.2**	817.9
Cash flows from investing activities			
Payments for subsidiary acquisition, net of cash acquired	21(b)	**-**	(7.1)
Payments for property, plant and equipment		**(753.4)**	(561.7)
Payments for intangibles		**(7.0)**	(18.1)
Proceeds from sale of property, plant and equipment		**2.9**	12.9
Proceeds from disposal of investment		**0.1**	-
Proceeds from sale of subsidiaries	26(a)(i),3(b)	**-**	3.7
Net cash (outflow) from investing activities		**(757.4)**	(570.3)
Cash flows from financing activities			
Proceeds from borrowings		**207.6**	572.4
Repayment of borrowings		**(304.1)**	(636.0)
Repayment of lease liabilities	17(c)	**(101.5)**	(104.7)
Dividends paid to Company's shareholders	20(a)	**(70.5)**	(71.5)
Dividends paid to non-controlling interests in subsidiaries		**(30.4)**	(12.2)
Share buybacks		**-**	(228.5)
Other		**3.0**	(3.3)
Net cash (outflow) from financing activities		**(295.9)**	(483.8)
Net (decrease) increase in cash and cash equivalents		**604.9**	(236.2)
Cash and cash equivalents at the beginning of the financial year		**1,399.5**	1,643.4
Effects of exchange rate changes on cash and cash equivalents		**(43.3)**	(7.7)
Cash and cash equivalents at end of financial year	15	**1,961.1**	1,399.5
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 2021 was authorised for issue in accordance with a resolution of the Directors on 16 August 2021.

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 2021 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 2020 as disclosed in note 33(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 33(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 27	**Share-based payments**

Contents of the notes to the consolidated financial statements

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	• 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	• North Star BlueScope Steel is a single site electric arc furnace producer of hot rolled coil in Ohio US. It is strategically located near its customers and in one of the largest scrap regions in North America.
Building Products Asia and North America	• 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 North America, primarily servicing the residential and non-residential building and construction industries across Asia, and the non-residential building and construction industry in North America. • This segment also includes Building Products China, comprising metal coating, painting, Lysaght operations and Engineered Building Solutions. • 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.
Buildings North America	• 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.
New Zealand & Pacific Islands	• 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 2021 is as follows:

30 June 2021	Australian Steel Products $M	North Star BlueScope Steel $M	Building Products Asia & North America $M	Buildings 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**

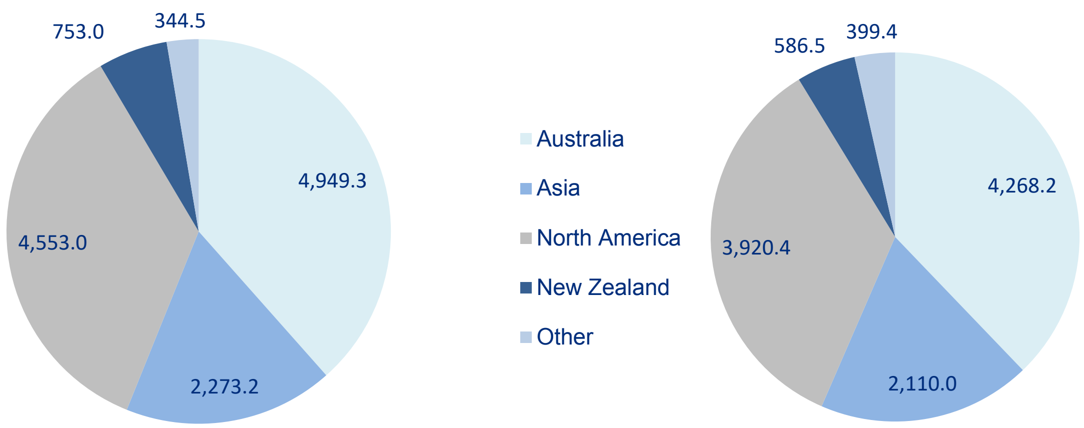
30 June 2020	Australian Steel Products $M	North Star BlueScope Steel $M	Building Products Asia & North America $M	Buildings North America $M	New Zealand & Pacific Islands $M	Discontinued Operations $M	Total $M
Total segment sales revenue	5,418.1	1,713.0	2,777.5	1,118.5	792.4	-	11,819.5
Intersegment revenue	(348.9)	(37.4)	(71.8)	(0.9)	(76.0)	-	(535.0)
Revenue from external customers	**5,069.2**	**1,675.6**	**2,705.7**	**1,117.6**	**716.4**	**-**	**11,284.5**
Segment EBIT	**305.1**	**187.7**	**147.6**	**(1.8)**	**(206.1)**	**(4.7)**	**427.8**
Depreciation and amortisation	277.6	69.4	99.1	29.4	58.0	-	533.5
Write-down of assets	-	-	0.7	-	197.0	-	197.7
Share of profit (loss) from associates and joint venture partnerships	-	-	11.1	(8.7)	0.4	-	2.8
Total segment assets	**3,871.7**	**2,439.1**	**2,040.1**	**795.4**	**625.8**	**14.4**	**9,786.5**
Total assets includes:							
Investments in associates and joint venture partnerships	-	-	89.7	-	-	-	89.7
Additions to non-current assets (other than financial assets and deferred tax)	278.5	240.2	62.8	15.8	55.2	-	652.5
Total segment liabilities	**1,245.4**	**379.7**	**589.9**	**241.2**	**629.3**	**3.9**	**3,089.4**

1 Segment information (continued)

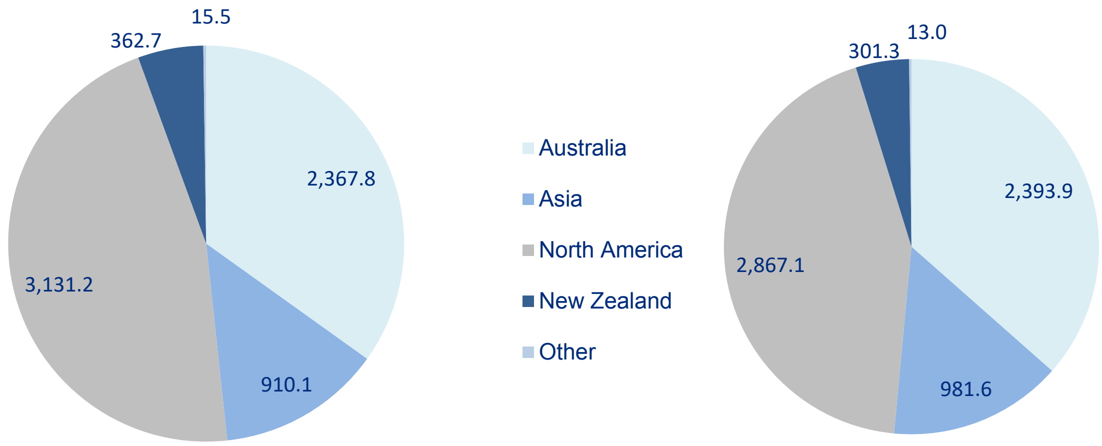
(c) Geographical information

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.

2021 **Segment revenue ($M)** **2020**



2021 **Non-current assets ($M)** **2020**



(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	
	2021 **$M**	2020 $M
Total segment sales revenue	**13,344.9**	11,819.5
Intersegment eliminations	**(471.9)**	(535.0)
Discontinued operations	**(0.1)**	-
Other revenue	**29.3**	39.7
Total revenue from continuing operations	**12,902.2**	11,324.2

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	
	2021	2020
	$M	$M
Total segment EBIT	**1,937.3**	427.8
Intersegment eliminations	**(42.1)**	5.8
Interest income	**9.0**	18.9
Finance costs	**(71.9)**	(77.0)
Discontinued operations	**(10.0)**	4.7
Corporate operations	**(136.7)**	(123.9)
Profit before income tax from continuing operations	**1,685.6**	256.3

(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	
	2021	2020
	$M	$M
Segment assets	**11,075.8**	9,786.5
Intersegment eliminations	**(383.5)**	(216.1)
Unallocated:		
Deferred tax assets	**204.3**	413.2
Cash	**1,961.9**	1,399.5
Accrued interest receivable	**0.1**	0.1
Corporate operations	**290.4**	177.1
Total assets	**13,149.0**	11,560.3

	Consolidated	
	2021	2020
	$M	$M
Segment liabilities	**3,646.3**	3,089.4
Intersegment eliminations	**(338.6)**	(213.4)
Unallocated:		
Borrowings	**622.5**	784.0
Lease liabilities	**541.3**	536.4
Current tax liabilities	**75.1**	11.7
Deferred tax liabilities	**258.6**	167.6
Accrued borrowing costs payable	**4.2**	4.3
Corporate operations	**179.2**	140.7
Total liabilities	**4,988.6**	4,520.7

2 Revenue

	Note	Consolidated 2021 $M	Consolidated 2020 $M
Sales revenue from contracts with customers		**12,872.9**	11,284.5
Other revenue			
Interest		**9.0**	18.9
Other		**20.3**	20.8
		29.3	39.7
Total revenue from continuing operations		**12,902.2**	11,324.2
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 2021	Australian Steel Products $M	North Star BlueScope Steel $M	Building Products Asia & North America $M	Buildings 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**

2 Revenue (continued)

30 June 2020	Australian Steel Products $M	North Star BlueScope Steel $M	Building Products Asia & North America $M	Buildings North America $M	New Zealand & Pacific Islands $M	Discontinued Operations $M	Total $M
External sales revenue recognition							
Point in time	5,069.2	1,675.6	2,262.2	27.8	716.4	-	9,751.2
Over time	-	-	443.5	1,089.8	-	-	1,533.3
	5,069.2	**1,675.6**	**2,705.7**	**1,117.6**	**716.4**	**-**	**11,284.5**
External sales revenue by destination							
Australia	4,182.1	-	43.1	-	43.0	-	4,268.2
Asia	278.8	-	1,828.1	-	3.2	-	2,110.1
North America	321.0	1,675.6	806.2	1,117.6	-	-	3,920.4
New Zealand	22.7	-	-	-	563.8	-	586.5
Other	264.6	-	28.3	-	106.4	-	399.3
	5,069.2	**1,675.6**	**2,705.7**	**1,117.6**	**716.4**	**-**	**11,284.5**
External sales revenue by category							
Steelmaking Products	1,254.4	1,675.6	-	-	60.2	-	2,990.2
Building Products	3,505.4	-	2,262.2	-	656.2	-	6,423.8
Engineered Building Solutions	-	-	443.5	1,089.8	-	-	1,533.3
Properties	-	-	-	27.8	-	-	27.8
Other	309.4	-	-	-	-	-	309.4
	5,069.2	**1,675.6**	**2,705.7**	**1,117.6**	**716.4**	**-**	**11,284.5**

(b) Assets and liabilities related to contracts with customers

	Consolidated 2021 $M	Consolidated 2020 $M
Current contract assets		
Engineered Building Solutions	**31.2**	24.3
Current contract liabilities		
Customer deposits received in advance of work performed	**267.4**	177.8
Service warranties	**0.9**	0.9
Total current contract liabilities	**268.3**	178.7
Non-current contract liabilities		
Service warranties	**6.2**	7.2
Total non-current contract liabilities	**6.2**	7.2

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	**2021 $M**	2020 $M
Carbon permit income		**62.2**	45.0
Government grants	3(a)	**1.8**	11.2
Insurance recoveries		**0.1**	1.0
Net gain on sale of PP&E	12(a)	**10.0**	9.0
Net gain on fair value revaluation and disposal of associate	3(b)	**-**	2.1
		74.1	68.3

(a) Government grants and assistance

Current period government grants includes COVID-19 Government wage subsidies of $1.0M in China and $0.6M in Malaysia and Singapore. Prior period government grants included $9.4M for New Zealand Steel and Pacific Steel for COVID-19 Government wage subsidies.

(b) Net gain on fair value revaluation and disposal of associate

Prior period gain on disposal of investment relates to New Zealand Steel acquiring the remaining 50% of its steel mill services equity investment in Steelserv for $7.1M. A $2.1M gain on the fair value revaluation and disposal of the equity accounted investment was recognised.

4 Income tax

(a) Income tax expense

		Consolidated	
	Note	**2021 $M**	2020 $M
Current tax		**129.9**	82.5
Deferred tax		**244.7**	45.0
Net investment in foreign operations	19(a)	**12.1**	0.4
Adjustments for current tax of prior periods		**1.4**	0.2
		388.1	128.1
Income tax expense is attributable to:			
Continuing operations		**388.1**	128.0
Discontinued operations		**-**	0.1
Total income tax expense		**388.1**	128.1

4 Income tax (continued)

(b) Effective tax rate

	Consolidated 2021 $M	2020 $M
Profit from continuing operations before income tax expense	**1,685.6**	256.3
Loss from discontinuing operations before income tax expense	**10.0**	(4.7)
	1,695.6	251.6
Less: Share of net profits of associates and joint venture partnerships	**(25.2)**	(2.8)
	1,670.4	248.8
Total income tax expense	**388.1**	128.1
Effective tax rate	**23.2%**	51.5%

Current year effective tax rate for the Group was impacted by lower tax rates in North America and Asia and the utilisation of unrecognised tax losses in New Zealand. Prior period included the impact of New Zealand Steel and Pacific Steel $197.0M asset write-downs (28.7% effective tax rate excluding the asset write-downs).

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

	Consolidated 2021 $M	2020 $M
Profit from continuing operations before income tax expense	**1,685.6**	256.3
Loss from discontinuing operations before income tax expense	**10.0**	(4.7)
	1,695.6	251.6
Tax at the Australian tax rate of 30.0% (2020 - 30.0%)	**508.7**	75.5
Tax effect of amounts which are not deductible/(taxable):		
Research and development incentive	**(2.3)**	(2.7)
Withholding tax	**14.7**	1.7
Non-taxable gains	**(32.9)**	(11.0)
Share of net profits of associates and joint ventures	**(6.7)**	(2.9)
Sundry items	**13.8**	6.5
	495.3	67.1
Difference in overseas tax rates	**(87.6)**	(15.1)
Adjustments for current tax of prior periods	**1.4**	0.2
Temporary differences and tax losses not recognised	**2.0**	74.2
Previously unrecognised tax losses now recouped	**(24.4)**	(0.3)
Temporary differences and tax losses now recognised	**-**	(3.2)
Deferred tax assets derecognised	**1.4**	5.2
Income tax expense	**388.1**	128.1

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

	Consolidated			
	DTA		DTL	
	2021 $M	2020 $M	**2021 $M**	2020 $M
The balance comprises temporary differences attributable to:				
Employee benefits provision	**175.1**	207.7	**(15.6)**	(19.6)
Other provisions	**24.7**	30.3	**(11.3)**	(13.2)
Property, plant and equipment	**(244.2)**	(236.3)	**157.0**	105.9
Foreign exchange (gains) losses	**(9.6)**	(13.8)	**-**	-
Intangible assets	**(6.6)**	(7.0)	**96.3**	105.2
Inventory	**6.7**	3.0	**25.5**	(1.5)
Tax losses	**252.9**	419.7	**(4.6)**	(16.9)
Other	**5.3**	9.6	**11.3**	7.7
	204.3	413.2	**258.6**	167.6

4 Income tax (continued)

	Consolidated			
	DTA		DTL	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Movements:				
Opening balance at 1 July	**413.2**	419.1	**167.6**	182.1
Charged/(credited):				
Charged (credited) to profit or loss	**(139.3)**	(60.0)	**105.4**	(15.0)
Charged (credited) to other comprehensive income	**(67.4)**	36.5	**-**	(0.8)
Acquisitions	**-**	1.5	**-**	-
Accounting policy changes - AASB 16	**-**	17.8	**-**	(2.5)
Exchange fluctuation	**(2.2)**	(1.7)	**(14.4)**	3.8
Closing balance at 30 June	**204.3**	413.2	**258.6**	167.6

(e) Tax losses

	Consolidated	
	2021 $M	2020 $M
Unused tax losses for which no deferred tax asset has been recognised	**209.1**	199.5
Potential tax benefit	**57.6**	54.9

The Group has deferred the recognition of any further New Zealand tax credits until a sustainable return to taxable profits has been demonstrated. New Zealand has unrecognised tax losses of $151.3M (tax benefit of $42.4M) which are able to be carried forward indefinitely. The remaining balance relates to China entities for tax losses which expire within 5 years of being incurred.

(f) Unrecognised temporary differences

	Consolidated	
	2021 $M	2020 $M
Temporary difference relating to investment in subsidiaries for which deferred tax liabilities have not been recognised	**145.2**	265.6
Tax effect of the above unrecognised temporary differences	**14.6**	33.5

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 $193.8M (2020: $192.8M) 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.

The Australian tax consolidated group has recognised a $87.3M (2020: $246.0M) deferred tax asset. 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.

New Zealand Steel has recognised a $61.9M deferred tax asset at 30 June 2021 (2020: $119.7M). The Group continues to defer the recognition of past tax losses for New Zealand tax group until a sustainable return to taxable profits has been demonstrated.

5 Earnings (loss) per share

	Consolidated			
	Basic		Diluted	
	2021 Cents	2020 Cents	**2021 Cents**	2020 Cents
Continuing operations	**234.9**	19.9	**232.8**	19.8
Discontinued operations	**2.1**	(0.9)	**2.1**	(0.9)
Earnings per share	**237.0**	19.0	**234.9**	18.9

(a) Earnings used in calculating earnings (loss) per share

	Consolidated	
	2021 $M	2020 $M
Profit (loss) used in calculating basic earnings (loss) per share:		
Continuing operations	**1,183.1**	101.2
Discontinued operations	**10.2**	(4.7)
	1,193.3	96.5

5 Earnings (loss) per share (continued)

(b) Weighted average number of shares used as denominator

	Consolidated	
	2021 Number	2020 Number
Weighted average number of ordinary shares (Basic)	**503,591,216**	507,294,530
Weighted average number of share rights	**4,552,907**	4,226,730
Weighted average number of ordinary and potential ordinary shares (Diluted)	**508,144,123**	511,521,260

(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

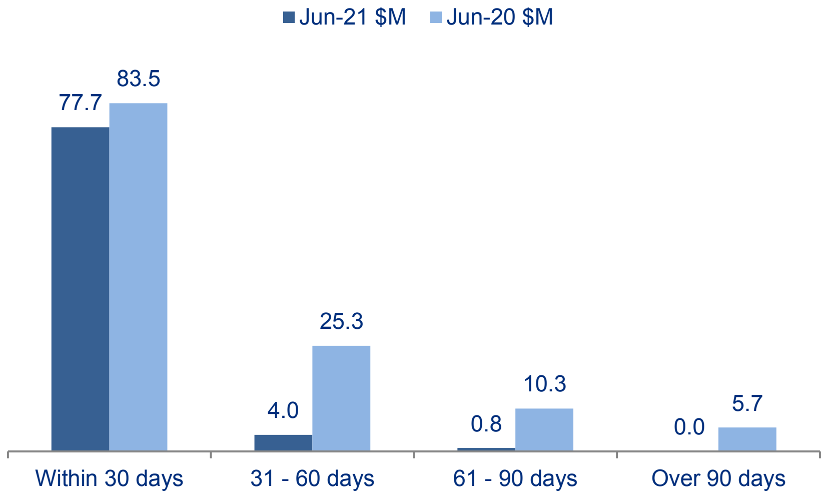
		Consolidated			
		2021		2020	
	Notes	**Current $M**	**Non-current $M**	Current $M	Non-current $M
Trade receivables		**1,522.5**	**-**	1,018.7	-
Provision for impairment of trade receivables	6(a)	**(25.4)**	**-**	(24.2)	-
		1,497.1	**-**	994.5	-
Workers compensation receivables	10(g)	**-**	**32.7**	-	34.2
Sale of receivables	6(c)	**51.5**	**-**	25.1	-
Other receivables		**60.7**	**9.3**	57.6	17.9
Provision for impairment of sundry receivables	6(a)	**(0.1)**	-	(0.2)	-
		112.1	**42.0**	82.5	52.1
		1,609.2	**42.0**	1,077.0	52.1

(a) Provision for impairment of trade and other receivables

	Consolidated	
	2021 $M	2020 $M
At 1 July	**24.4**	21.9
Additional provision recognised	**12.1**	8.9
Amounts used during the period	**(4.2)**	(2.2)
Unutilised provision written back	**(6.0)**	(4.1)
Exchange fluctuations	**(0.8)**	(0.1)
	25.5	24.4

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 $389.9M (2020: $493.7M). The facilities mature in September 2021 ($39.9M) 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 $51.5M 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 $5.0M (2020: $6.3M). Total costs from selling the receivables and running the programs were $15.9M (2020: $18.0M), 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 2021 is $393.7M (2020: $421.4M) which is reflected by a decrease in trade receivables of $148.9M (2020: $139.9M), an increase in sundry payables of $296.3M (2020: $306.6M) offset by a $51.5M (2020: $25.1M) 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			
	2021		2020	
	Current $M	**Non-current $M**	Current $M	Non-current $M
At lower of cost and net realisable value:				
Raw materials and stores	**818.0**	**-**	591.3	-
Work in progress	**624.2**	**-**	536.6	-
Finished goods	**756.9**	**-**	607.0	-
Spares and other	**119.1**	**61.6**	186.7	60.2
	2,318.2	**61.6**	1,921.6	60.2

(a) Inventory expense / write-back

During the year, $27.9M (2020: $7.8M expense) was recognised as a write-back for inventories carried at net realisable value. The write-back has been included in ‘raw materials and consumables used’ in the profit and loss.

(b) Inventory spares write-downs

In the prior period, a total of $37.0M of inventory spares in New Zealand Steel and Pacific Steel was written-down (refer to note 14(f)).

(c) 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			
	2021		2020	
	Current $M	**Non-current $M**	Current $M	Non-current $M
Emission unit (EU) permits - not held for trading (i)	**41.0**	**106.2**	33.5	78.4
Energy certificates - not held for trading (ii)	**4.6**	**-**	2.4	-
	45.6	**106.2**	35.9	78.4

(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 31(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 2021 Current $M	2021 Non-current $M	2020 Current $M	2020 Non-current $M
Trade payables		**1,735.7**	**-**	1,238.4	-
Sale of receivables	6(c)	**296.3**	**-**	306.6	-
Other payables		**153.8**	**50.0**	134.2	59.2
		2,185.8	**50.0**	1,679.2	59.2

(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

	Consolidated 2021 Current $M	2021 Non-current $M	2020 Current $M	2020 Non-current $M
Annual leave (d) (i)	**94.8**	**-**	83.5	-
Long service leave (d) (i)	**137.3**	**13.3**	132.9	15.7
Redundancy (d) (ii)	**3.8**	**-**	4.4	-
Other employee benefits (d) (iii)	**244.8**	**10.9**	130.5	11.7
Restructure (e)	**3.3**	**8.3**	6.7	9.3
Product claims (f)	**14.1**	**27.2**	16.2	21.6
Workers compensation (g)	**12.3**	**86.1**	12.3	88.6
Restoration and rehabilitation (h)	**1.9**	**34.9**	8.7	27.4
Carbon emissions (i)	**22.1**	**-**	13.9	-
Other provisions	**14.6**	**4.3**	11.8	4.7
Total provisions	**549.0**	**185.0**	420.9	179.0

(a) Movements in provisions

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

Consolidated - 2021 ($M)	Restructure	Product claims	Workers compensation	Restoration and rehabilitation	Carbon emissions
Current and non-current					
Carrying amount at start of the year	**16.0**	**37.8**	**100.9**	**36.1**	**13.9**
Additional provisions recognised	**14.1**	**16.6**	**21.3**	**5.2**	**39.5**
Unutilised provisions written back	**(10.9)**	**(2.3)**	**(3.3)**	**(7.1)**	**-**
Amounts used during the period	**(7.3)**	**(8.4)**	**(20.3)**	**(1.5)**	**(31.2)**
Exchange fluctuations	**(0.4)**	**(2.4)**	**(0.7)**	**(0.2)**	**(0.1)**
Asset additions	**-**	**-**	**-**	**4.3**	**-**
Unwinding of discount	**0.1**	**-**	**0.5**	**-**	**-**
Carrying amount end of year	**11.6**	**41.3**	**98.4**	**36.8**	**22.1**

(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 $152.7M (2020: $127.9M).

(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 relate 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 12 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 25(a)).

10 Provisions (continued)

For the Group, an actuarially determined asset of $32.7M (2020: $34.2M) 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 $5.5M (Jun-20: $6.4M) 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 Australian Steel Products Segment for $29.7M (June-20:$28.2M).

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 2021, the defined contribution expense recognised in the profit and loss amounted to $101.6M (2020: $97.5M).

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 (i)	Butler Manufacturing Base Retirement Plan (closed in March 2021)	Employees previously belonging to the Butler Manufacturing Company are members of the Butler Manufacturing Base Retirement Plan.

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.

(i) The North American retirement plan closed in March 2021, resulting in a final $3.0M payment and a $27.6M (US $20.0M) gain on transfer of the net defined benefit plan liability.

11 Retirement benefit obligations (continued)

(c) Statement of financial position amounts

	Consolidated	
	2021 $M	2020 $M
Present value of the defined benefit obligation	**(667.4)**	(1,304.6)
Fair value of defined benefit plan assets	**471.1**	864.9
Net (liability) in the statement of financial position	**(196.3)**	(439.7)

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

	New Zealand Pension Fund		Butler Manufacturing Base Retirement Plan (i)		Total	
$M	**2021**	2020	**2021**	2020	**2021**	2020
Present value of the defined benefit obligation	**(667.4)**	(835.4)	**-**	(469.2)	**(667.4)**	(1,304.6)
Fair value of defined benefit plan assets	**471.1**	428.5	**-**	436.4	**471.1**	864.9
Net (liability) in the statement of financial position	**(196.3)**	(406.9)	**-**	(32.8)	**(196.3)**	(439.7)
Defined benefit expense	**12.8**	15.4	**1.3**	2.4	**14.1**	17.8
(Gain) loss on curtailment	**-**	-	**(27.6)**	28.3	**(27.6)**	28.3
Employer contribution	**14.1**	11.8	**-**	0.2	**14.1**	12.0
Average duration of defined benefit plan obligation (years)	**13.9**	14.7	**-**	9.8		
Significant actuarial assumptions	%		%			
Discount rate (gross of tax)	**2.4**	1.2	**-**	2.7		
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.

(e) Categories of plan assets

	Consolidated	
	2021 $M	2020 $M
Cash	**4.9**	4.0
Equity instruments	**245.1**	178.7
Debt instruments	**174.1**	641.5
Property	**47.0**	40.7
	471.1	864.9

(f) Actuarial assumptions and sensitivity

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption $M**	**Decrease in assumption $M**
Discount rate	+/-1%	(108.5)	119.9
Salary growth rate	+/-1%	12.9	(12.4)

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 2021.

11 Retirement benefit obligations (continued)

(g) Reconciliations

	Consolidated			
	Plan assets		Defined benefit obligation	
	2021 $M	2020 $M	**2021 $M**	2020 $M
Balance at the beginning of the year	**864.9**	851.8	**1,304.6**	1,152.2
Current service cost	**-**	-	**9.0**	8.7
Interest income (net of tax paid)	**7.3**	18.9	**-**	-
Interest cost	**-**	-	**8.5**	21.9
Actuarial losses (gains) arising from changes in demographic assumptions	**-**	-	**4.8**	0.5
Actuarial losses (gains) arising from changes in financial assumptions	**63.9**	33.8	**(149.7)**	144.6
Foreign currency exchange rate changes	**(44.8)**	(2.1)	**(48.9)**	(8.3)
Benefits paid	**(39.0)**	(44.5)	**(39.0)**	(44.5)
Contributions by the Group	**13.9**	11.9	**-**	-
Tax on employer contributions	**(4.6)**	(3.9)	**(0.4)**	1.2
Contributions by plan participants	**1.4**	1.6	**-**	-
Settlements	**(124.6)**	-	**(124.6)**	-
Settlements - plan closure	**(266.2)**	-	**(269.3)**	-
Plan expenses	**(1.1)**	(2.6)	**-**	-
(Gain) loss on curtailment - North America	**-**	-	**(27.6)**	28.3
Balance at the end of the year	**471.1**	864.9	**667.4**	1,304.6

(h) Amounts recognised in profit or loss

	Consolidated	
	2021 $M	2020 $M
Current service cost	**9.0**	8.7
Contributions by plan participants	**(1.4)**	(1.6)
Net interest	**1.2**	3.0
Plan expenses	**1.1**	2.6
Allowance for contributions tax	**4.2**	5.1
(Gain) loss on curtailment - North America	**(27.6)**	28.3
Total included in employee benefits expense	**(13.5)**	46.1
Actual return on plan assets	**70.0**	50.1

(i) Amounts recognised in other comprehensive income

	Consolidated	
	2021 $M	2020 $M
Actuarial gains (losses) recognised in other comprehensive income - DB plans	**208.8**	(111.3)
Cumulative actuarial (losses) recognised in other comprehensive income	**(437.9)**	(646.7)

(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 2022 are $14.1M.

11 Retirement benefit obligations (continued)

(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.

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 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 from 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**

12 Property, plant and equipment (continued)

	Notes	Land and Buildings $M	Plant, machinery & equipment $M	Total $M
At 1 July 2019				
Opening net book amount		791.5	3,356.0	4,147.5
Transfer of finance lease assets to right-of-use assets	17(b)	-	(69.6)	(69.6)
Adjusted balance 1 July 2019		791.5	3,286.4	4,077.9
Additions		23.0	540.3	563.3
Business acquisitions		-	11.5	11.5
Depreciation charge		(54.6)	(325.6)	(380.2)
Disposals		(1.1)	(2.0)	(3.1)
Impairment charge	14(f)	-	(92.1)	(92.1)
Asset reclassifications		48.6	(48.6)	-
Asset reclassifications from ROU assets		-	0.7	0.7
Asset reclassifications to computer software		-	(5.6)	(5.6)
Assets reclassified to held-for-sale	12(a)	(10.3)	-	(10.3)
Exchange fluctuations		5.5	7.7	13.2
Closing net book amount		802.6	3,372.7	4,175.3
At 30 June 2020				
Cost		1,637.9	11,734.9	13,372.8
Accumulated depreciation and impairment		(835.3)	(8,362.2)	(9,197.5)
Net book amount		802.6	3,372.7	4,175.3
Assets under construction included above:		-	268.3	268.3

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

	Consolidated 2021 $M	2020 $M
Net gain on sale and disposal of property, plant and equipment	**10.0**	9.0

Current period includes a $12.8M gain in Pacific Steel New Zealand relating to an asset swap arrangement which was completed in December 2020 (classified as 'assets held for sale' as at 30 June 2020). Prior period included $10.6M from the sale of land in BlueScope Lysaght (Shanghai).

(b) Capital commitments

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

	Consolidated 2021 $M	2020 $M
Property, plant and equipment		
Payable:		
Within one year	**257.8**	406.2
Total capital commitments	**257.8**	406.2

12 Property, plant and equipment (continued)

(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.

(e) 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	Goodwill $M	Patents, trademark and other rights $M	Computer software $M	Customer relation-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**

13 Intangible assets (continued)

Consolidated	Note	Goodwill $M	Patents, trademark and other rights $M	Computer software $M	Customer relation-ships $M	Other intangible assets $M	Total $M
At 1 July 2019							
Cost		1,787.8	22.5	382.3	513.8	42.9	2,749.3
Accumulated amortisation and impairment		(518.8)	(17.1)	(296.8)	(180.7)	(12.4)	(1,025.8)
Net book amount		1,269.0	5.4	85.5	333.1	30.5	1,723.5
Year 30 June 2020							
Opening net book amount		1,269.0	5.4	85.5	333.1	30.5	1,723.5
Additions		-	-	18.1	-	-	18.1
Amortisation charge		-	(0.4)	(19.5)	(31.9)	(1.8)	(53.6)
Impairment charge	14(f)	-	-	(4.2)	-	-	(4.2)
Reclassifications from PP&E		-	-	5.6	-	-	5.6
Exchange fluctuations		24.6	0.1	0.6	7.3	(0.5)	32.1
Closing net book amount		1,293.6	5.1	86.1	308.5	28.2	1,721.5
At 30 June 2020							
Cost		1,814.0	23.0	397.3	523.5	42.3	2,800.1
Accumulated amortisation and impairment		(520.4)	(17.9)	(311.2)	(215.0)	(14.1)	(1,078.6)
Net book amount		1,293.6	5.1	86.1	308.5	28.2	1,721.5

(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)

(iii) Research and development
Research expenditure is recognised as an expense as incurred. For the year ended 30 June 2021, $24.6M (2020: $22.1M) 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	2021 $M	2020 $M
Building Products North America	Building Products Asia and North America	**3.7**	4.0
Buildings North America	Buildings North America	**291.3**	318.5
North Star BlueScope Steel	North Star BlueScope Steel	**885.1**	967.8
Buildings China	Building Products Asia and North America	**3.3**	3.3
Total goodwill		**1,183.4**	1,293.6

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 $3.9M (2020: $4.2M) 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. The emergence of the COVID-19 pandemic during FY2020 has created a public health emergency which is ongoing. While customer demand across the Group was negatively impacted to varying degrees during 2H FY2020, the global economy, and in particular North America, Australia and New Zealand, recovered faster and stronger than anticipated with favourable macroeconomic conditions in FY2021.

The price, cost and demand for BlueScope's products is uncertain and the Company considers a number of recognised external forecasters when assessing possible future market conditions. These external forecasters expect commodity steel prices to peak early FY2022 and progressively return to be broadly in line with historical long-term average levels by FY2026. In addition, demand for BlueScope's products is expected to moderate but still remain relatively strong in Australia and New Zealand, support full steelmaking capacity in North America and continue to grow from the FY2021 levels in Asia over the forecast period.

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	• VIU calculations use pre-tax cash flows, inclusive of working capital movements which are based on financial projections approved by the Group covering a three year period, 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	• The growth rate used to extrapolate the cash flows for each CGU beyond the forecast period does not exceed 2.5% (2020: 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	• 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 9.4% (2020: 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. • The adjusted post-tax discount rate is translated to a pre-tax rate for each CGU based on the specific tax rate applicable to where the CGU operates. • All foreign currency cash flows are discounted using a discount rate appropriate for that currency.
Raw material costs	• Based on commodity price forecasts derived from a range of external commodity forecasters.
Selling prices	• Based on management forecasts, taking into account commodity steel price forecasts derived from a range of external commodity forecasters.
Sales volume	• 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	• Based on forecasts derived from a range of external banks.
Climate related risks	• 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 (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 amount of each CGU. • 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 four year cash flow projections, followed by a long-term growth rate of 2.5% for a further 26 years. Pre-tax VIU cash flows are discounted utilising a 10.5% pre-tax discount rate (2020: 10.5%).

At 30 June 2021 the recoverable amount of this CGU is 1.3 times (2020: 1.5 times) the carrying amount of $489.8M (2020: $530.3M), 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 increase from FY2021 levels over the next three years.

14 Carrying value of non-financial assets (continued)

However, the timing and extent of the downturn and recovery 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 23% (2020: 33%) 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. Pre-tax VIU cash flows are discounted utilising pre-tax discount rate of 11.9% (2020: 11.9%).

At 30 June 2021 the recoverable amount of the CGU is 4.0 times (2020: 2.3 times) the carrying amount of $2,374.3M (2020: $2,059.4M), 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. Taking into account external forecasts, the Group expects the spread to peak early FY2022 and progressively 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 76% (2020: 47%) 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 remain broadly consistent to the average year ended 30 June 2021 level and estimate a decrease in Asian commodity steel prices relative to iron ore and coking coal costs. 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 57% (2020: 45%) 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 remain broadly consistent to the average year ended 30 June 2021 level and estimate a decrease in Asian commodity steel prices relative to the year ended 30 June 2021. The Group believes that the long term assumptions adopted are appropriate.

NZPI is exposed to variable macroeconomic factors and to illustrate the sensitivity of these assumptions, if they were to differ such that the expected cash flow forecasts were to decrease by 48% (June 2020: Nil) across the forecast period, without implementation of mitigation plans, the recoverable amount would be equal to the carrying amount.

(f) Recognised asset write-downs

Cash generating units	2021 $M	2020 $M	Discount rates	
			2021 (%)	2020 (%)
New Zealand Steel & Pacific Steel asset impairment (i)	-	156.2	-	12.1
New Zealand Steel - Pipe mill closure PP&E impairment (i)	-	3.8	-	-
NS Bluescope Lysaght Singapore - PP&E impairment	-	0.7	-	-
Impairment expense of non-current assets	-	160.7	-	-
New Zealand Steel & Pacific Steel inventory spares write-down (i)	-	36.0	-	-
New Zealand Steel - Pipe mill closure inventory spares write-down (i)	-	1.0	-	-
Total asset write-down	-	197.7		

(i) New Zealand Steel & Pacific Steel
As at 30 June 2020, New Zealand Steel and Pacific Steel recognised a total asset write-down of $197.0M against property and plant, ROU assets, spares and computer software, primarily as a result of a reassessment of sustainable earnings throughout the cycle from the current model. The write-down was based on recoverable amount of $404.1M.

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	
	2021	2020
	$M	$M
Cash at bank and on hand	**1,960.2**	1,398.0
Deposits at call	**1.7**	1.5
	1,961.9	1,399.5
Bank overdrafts	**(0.8)**	-
Balance per statement of cash flows	**1,961.1**	1,399.5

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

	Consolidated	
	2021	2020
	$M	$M
Profit for the year	**1,307.5**	123.5
Depreciation and amortisation	**487.8**	534.6
Impairment charge of non-current assets	**-**	160.7
Inventory spares write-down	**-**	37.0
Non-cash employee benefits expense - share-based payments	**22.5**	14.0
Net (gain) on disposal of non-current assets	**(10.0)**	(2.4)
Share of net profits of associates and joint venture partnership	**(25.2)**	(2.8)
Associate and joint venture partnership dividends received	**-**	0.2
Change in operating assets and liabilities:		
Decrease (increase) in trade receivables	**(547.7)**	139.0
Decrease (increase) in other receivables	**(46.4)**	6.9
Decrease (increase) in other operating assets	**(79.6)**	(16.5)
Decrease (increase) in inventories	**(449.7)**	113.2
Increase (decrease) in trade payables	**445.3**	(337.0)
Increase (decrease) in other payables	**2.9**	(46.6)
Increase (decrease) in borrowing costs payable	**3.0**	(2.9)
Increase (decrease) in income taxes payable	**60.5**	8.6
Increase (decrease) in deferred tax balances	**258.9**	45.5
Increase (decrease) in other provisions and liabilities	**206.4**	60.7
Other variations	**22.0**	(17.8)
Net cash inflow from operating activities	**1,658.2**	817.9

(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			
	2021		2020	
	Current $M	**Non-current $M**	Current $M	Non-current $M
Secured				
Other loans	**8.2**	**-**	7.0	-
Total secured borrowings	**8.2**	**-**	7.0	-
Unsecured				
Bank loans	**66.9**	**153.2**	116.5	233.0
Other loans	**-**	**399.3**	-	436.6
Bank overdrafts	**0.8**	**-**	-	-
Deferred borrowing costs	**(2.2)**	**(3.7)**	(2.3)	(6.8)
Total unsecured borrowings	**65.5**	**548.8**	114.2	662.8
Total borrowings	**73.7**	**548.8**	121.2	662.8

(a) Reconciliation of borrowings arising from financing activities

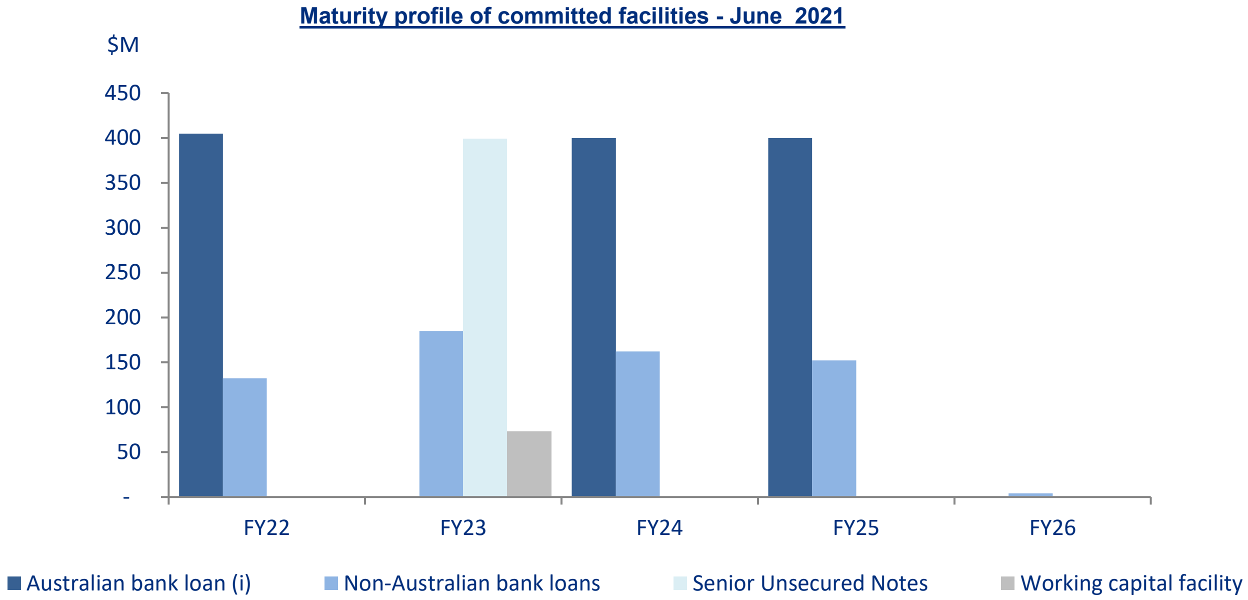
		Consolidated	
		2021 $M	2020 $M
Balance at the beginning of the year	Note	**784.0**	830.7
Cash flows		**(96.5)**	(63.5)
Non-cash changes			
Acquisition	21(a)(i)	**-**	2.5
Borrowing costs capitalised		**3.1**	(3.8)
Foreign Exchange differences		**(68.9)**	18.1
Balance at the end of the year (excluding bank overdrafts)		**621.7**	784.0

(b) Financing arrangements

Financing facilities available	Description
Australian bank loan	• $1,205M undrawn syndicated bank facility as at 30 June 2021, comprised of three tranches maturing in May 2022, August 2023 and August 2024. The facility is currently undrawn. • Syndicated facility was replaced with a series of bilateral revolving facilities in July 2021, totalling $1,005M. Maturities are split across July 2024, July 2025 and July 2026.
Non-Australian bank loans	• Six facilities totalling THB 3,710M ($154M), maturing January 2022 to December 2025, available for NS BlueScope Steel (Thailand) Ltd cash requirements. • Four facilities totalling MYR 359M ($115M), maturing June 2022 to October 2024, to support working capital and other short-term cash requirements for NS BlueScope Steel (Malaysia) Sdn Bhd. • One US$25M ($33M) term facility maturing March 2022, 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	• 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)	• 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 2022.

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

16 Borrowings (continued)



(i) In July 2021, the syndicated bank facility was replaced with a series of bilateral revolving facilities, totalling $1,005M (refer to note 16(b)).

(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	
	2021 $M	2020 $M
Bank overdrafts	**42.9**	43.3
Bank loan facilities	**1,952.3**	2,043.6
Total facilities	**1,995.2**	2,086.9
Bank overdrafts	**0.8**	-
Bank loan facilities	**220.1**	349.5
Used at balance date	**220.9**	349.5
Bank overdrafts	**42.1**	43.3
Bank loan facilities	**1,732.2**	1,694.1
Unused at balance date	**1,774.3**	1,737.4

16 Borrowings (continued)

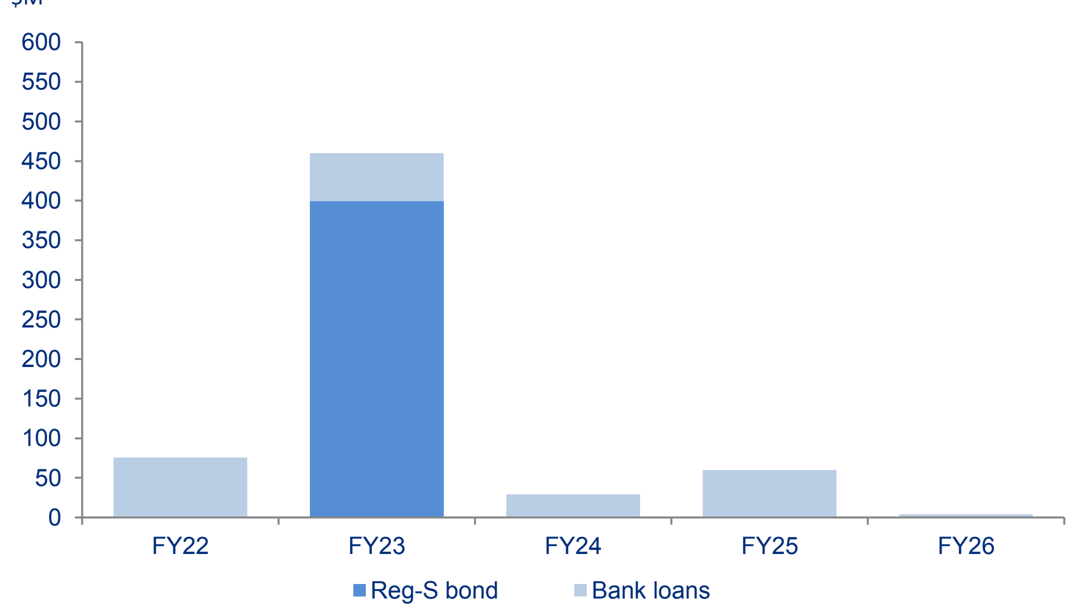
(e) Contractual maturity analysis

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.

30 June 2021	Notes	< 1 year $M	1 - 2 years $M	2 - 3 years $M	3 - 4 years $M	4 - 5 years $M	> 5 years $M	Total $M
Payables	9	2,185.8	13.1	6.0	6.0	6.0	18.9	2,235.8
Derivative financial instruments	31(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

30 June 2020	Notes	< 1 year $M	1 - 2 years $M	2 - 3 years $M	3 - 4 years $M	4 - 5 years $M	> 5 years $M	Total $M
Payables	9	1,679.2	16.4	6.0	6.0	6.0	24.8	1,738.4
Derivative financial instruments	31(d)	5.6	7.1	6.2	2.8	-	6.0	27.7
Borrowings								
-Principal		123.5	99.2	512.5	32.3	20.9	4.7	793.1
-Interest		24.9	23.0	20.3	0.9	0.2	-	69.3
		148.4	122.2	532.8	33.2	21.1	4.7	862.4

Maturity profile of drawn debt - June 2021



16 Borrowings (continued)

(f) Borrowing costs

	Consolidated	
	2021	2020
	$M	$M
Interest and finance charges paid/payable	**25.1**	34.9
Ancillary finance charges	**18.1**	11.2
Provisions: unwinding of discount	**0.6**	0.9
Borrowing costs expensed	**43.8**	47.0

(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.

17 Leases (continued)

(b) Right-of-use assets

	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)**
Disposals	**(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**

17 Leases (continued)

	Land and Buildings $M	Plant, machinery & equipment $M	Total $M
Lease recognition as at 1 July 2019	239.8	132.3	372.1
Transfer of finance leases previously included in PP&E	12.3	57.3	69.6
Adjusted balance as at 1 July 2019	252.1	189.6	441.7
Additions	47.3	15.4	62.7
Depreciation charge	(55.6)	(45.2)	(100.8)
Disposals	(1.5)	(0.2)	(1.7)
Impairment charge	(5.8)	(58.6)	(64.4)
Asset reclassifications to PP&E	-	(0.7)	(0.7)
Exchange fluctuations	0.8	0.4	1.2
Closing net book amount	237.3	100.7	338.0
At 30 June 2020			
Cost	576.2	409.8	986.0
Accumulated depreciation and impairment	(338.9)	(309.1)	(648.0)
Net book amount	237.3	100.7	338.0

(c) Lease liabilities

(i) Reconciliation of lease liabilities arising from financing activities

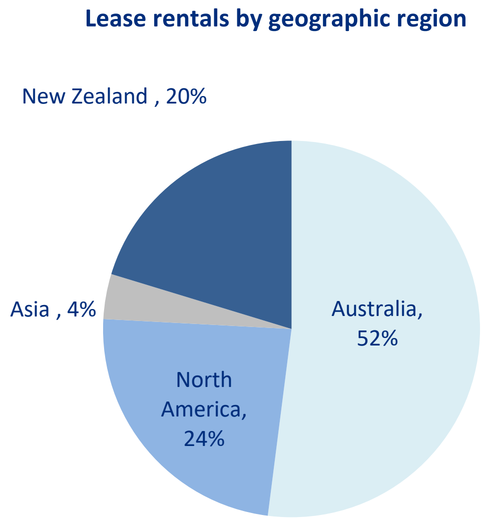
	Consolidated	
	2021 $M	**2020 $M**
Balance at the beginning of the year	**536.4**	120.0
Lease recognition AASB 16 at 1 July 2019	**-**	459.5
Cash flows	**(101.5)**	(104.7)
Non-cash changes		
Additions	**116.1**	62.7
Lease terminations	**(1.3)**	(1.0)
Foreign Exchange differences	**(8.4)**	(0.1)
Balance at the end of the year	**541.3**	536.4

(ii) Contractual maturity analysis

30 June 2021	< 1 year $M	1 - 2 years $M	2 - 3 years $M	3 - 4 years $M	4 - 5 years $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

30 June 2020	< 1 year $M	1 - 2 years $M	2 - 3 years $M	3 - 4 years $M	4 - 5 years $M	> 5 years $M	Total $M
Lease rentals							
-Lease liability	97.4	83.8	68.1	58.8	42.4	185.9	536.4
-Interest	25.5	23.0	18.1	14.6	11.7	60.8	153.7
	122.9	106.8	86.2	73.4	54.1	246.7	690.1

17 Leases (continued)



(d) Amounts recognised in the profit or loss

	Notes	Consolidated 2021 $M	Consolidated 2020 $M
Depreciation expense on right-of-use assets		**89.1**	100.8
Interest on lease liabilities (included in finance costs)		**28.1**	30.0
Variable lease rental expense	17(e) (iii)	**27.3**	25.1
Short term lease rental expense	17(e) (iv)	**3.0**	3.7
Low value lease rental expense	17(e) (iv)	**6.2**	3.3
Total expenses		**153.7**	162.9

(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.

17 Leases (continued)

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.

(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 $524.7M. Of this amount, $332.9M relates primarily to property lease extension options beyond 2030.

18 Contributed equity

(a) Share capital & Treasury shares

	Parent Entity		Parent Entity	
	2021 Shares	2020 Shares	**2021 $M**	2020 $M
Issued fully paid ordinary shares	**503,806,240**	502,632,849	**3,650.8**	3,634.7
Treasury shares	**(50,154)**	-	**(0.9)**	-
Total contributed equity	**503,756,086**	502,632,849	**3,649.9**	3,634.7

(b) Movements

Date	Details	Note	Number of shares	$M
1 July 2020	**Opening balance**		**502,632,849**	**3,634.7**
	Employee share awards issue	27(a)	1,173,391	14.0
	Share rights - Tax deduction (c)		-	2.1
	Ordinary share capital		**503,806,240**	**3,650.8**
	Treasury shares (d)		**(50,154)**	**(0.9)**
30 June 2021	**Total Contributed equity**		**503,756,086**	**3,649.9**

Date	Details	Note	Number of shares	$M
1 July 2019	**Opening balance**		**516,463,073**	**3,832.8**
	Employee share awards issue	27(a)	3,699,719	16.5
	Share buybacks		(17,529,943)	(220.1)
	Share rights - Tax deduction (c)		-	5.5
30 June 2020	**Balance**		**502,632,849**	**3,634.7**

(c) Share rights - tax deduction

The tax deduction recorded in share capital represents the estimated tax deduction in excess of accounting expense recognised for share right awards issued to employees.

(d) 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 for the FY2020 ELT LTIP plan.

(e) 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.

18 Contributed equity (continued)

	Notes	Consolidated 2021 $M	Consolidated 2020 $M
Total borrowings	16	**622.5**	784.0
Lease liabilities	17(c)	**541.3**	536.4
Less: Cash and cash equivalents	15	**(1,961.9)**	(1,399.5)
Net (cash) debt		**(798.1)**	(79.1)
Total equity		**8,160.4**	7,039.6
Total capital		**7,362.3**	6,960.5
Gearing ratio		0.0%	0.0%

(f) 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 2021 $M	Consolidated 2020 $M
Hedging (b) (i)	**6.4**	(14.2)
Share-based payments (b) (ii)	**63.6**	55.1
Foreign currency translation (b) (iii)	**(101.1)**	134.0
Non-distributable profits (b) (iv)	**44.7**	40.6
Asset realisation (b) (v)	**180.5**	188.9
Asset revaluation (b) (vi)	**(15.3)**	(27.9)
Controlled entity acquisition (b) (vii)	**(21.9)**	(21.9)
	156.9	354.6

(a) Movements in reserves

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	**6.4**	**63.6**	**(101.1)**	**44.7**	**165.2**	**(21.9)**	**156.9**

19 Reserves (continued)

Consolidated - Jun 2020 ($M)	Hedging	Share based payments	Foreign currency translation	Non-Distributable profits	Asset realisation/ revaluation	Controlled entity acquisition	Total
Opening balance	-	57.6	128.3	35.4	169.6	(21.9)	369.0
Net gain (loss) on cash flow hedges	(19.5)	-	-	-	-	-	(19.5)
Net gain (loss) on net investments in foreign subsidiaries	-	-	(1.7)	-	-	-	(1.7)
Share-based payments expense	-	14.0	-	-	-	-	14.0
Vesting of share awards	-	(16.5)	-	-	-	-	(16.5)
Deferred tax	6.2	-	0.4	-	-	-	6.6
Transfer to inventory/PP&E	(0.9)	-	-	-	-	-	(0.9)
Transfers from retained profits	-	-	-	5.2	-	-	5.2
Transfers	0.1	-	(0.1)	-	-	-	-
Investment revaluation	-	-	-	-	(8.6)	-	(8.6)
Exchange fluctuations	-	-	7.1	-	-	-	7.1
Other	(0.1)	-	-	-	-	-	(0.1)
Closing balance	(14.2)	55.1	134.0	40.6	161.0	(21.9)	354.6

(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 North American building product businesses to Nippon Steel and Sumitomo Metal Corporation (subsequently renamed Nippon Steel Corporation) in March 2013. The current year asset realisation reserve movement includes $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 is 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 21).

(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 and Sumitomo Metal 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 2021 $M	Parent entity 2020 $M
Final unfranked dividend for 30 June 2020 of 8 cents per fully paid ordinary share paid on 14 October 2020 (2020: 8 cents unfranked).	**40.3**	41.2
Interim unfranked dividend of 6 cents per fully paid ordinary share was paid on 30 March 2021 in relation to the year ended 30 June 2021 (2020: 6 cents unfranked).	**30.2**	30.3
Total dividends paid	**70.5**	71.5

(b) Dividends not recognised at year-end

For the year ended 30 June 2021, the Directors have approved the payment of an unfranked dividend of 44 cents per fully paid ordinary share, comprised of 25 cents per share final ordinary dividend and 19 cents per share special dividend. Proposed dividend expected to be paid, but not recognised as a liability at period end, is $221.7M.

(c) Franked dividends

	Parent entity 2021 $M	Parent entity 2020 $M
Actual franking account balance as at the reporting date	**-**	-
Franking credits available for subsequent financial years based on a tax rate of 30%	**-**	-

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 Other investments - Fair value through OCI

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. As at 30 June 2021, the fair value of the Steel & Tube investment was $27.9M.This resulted in $12.6M being recorded as a positive adjustment to the asset revaluation reserve.

22 Subsidiaries and non-controlling interests

(a) Investments in subsidiaries

Name of entity	Note	Principal place of business	Equity holding 2021 %	Equity holding 2020 %
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
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
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.	(g)	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

22 Subsidiaries and non-controlling interests (continued)

Name of entity	Note	Principal place of business	Equity holding 2021 %	Equity holding 2020 %
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
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	(e)	USA	**100**	-
BlueScope Buildings North America Inc		USA	**100**	100
BlueScope Buildings North America Engineering (Michigan) LLC		USA	**100**	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 Finance (USA) LLC	(f)	USA	**-**	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
BlueScope Steel Technology Inc	(f)	USA	**-**	100
BMC Real Estate Inc	(f)	USA	**-**	100
BPG Apopka Properties 1 LLC		USA	**100**	100
BPG Laredo Properties 2 LLC	(f)	USA	**-**	100
BPG Milford Township 1 LLC	(f)	USA	**-**	100
BPG Mount Comfort 1 LLC	(f)	USA	**-**	100
BPG Dove Valley 1 LLC		USA	**100**	100
BPG North Canton 1 LLC	(g)	USA	**100**	100
BPG Sanford 1 LLC		USA	**100**	100
Butler Holdings Inc		USA	**100**	100
Butler Pacific Inc		USA	**100**	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
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

22 Subsidiaries and non-controlling interests (continued)

All subsidiaries incorporated in Australia are members of the BlueScope Steel Limited tax consolidated group. Refer to note 29(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 30.

(b) These entities are part of the joint venture established between BlueScope and Nippon Steel & Sumitomo Metal Corporation in March 2013 (subsequently renamed Nippon Steel Corporation) 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.

(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 entity incorporated during the year.

(f) Entities liquidated and deregistered during the year.

(g) 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	2021 %	2020 %
Proportion of equity interest held by non-controlling interests:			
NS BlueScope (Steel) Thailand Ltd	Thailand	**60**	60
Steelscape LLC	USA	**50**	50

	2021 $M	2020 $M
Accumulated balances of material non-controlling interest:		
NS BlueScope (Steel) Thailand Ltd	**174.8**	170.6
Steelscape LLC	**178.4**	139.3
Profit (loss) allocated to material non-controlling interest:		
NS BlueScope (Steel) Thailand Ltd	**30.8**	12.9
Steelscape LLC	**58.8**	(0.6)

22 Subsidiaries and non-controlling interests (continued)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

	NS BlueScope (Steel) Thailand Ltd		Steelscape LLC	
Summarised statement of financial position	**2021 $M**	2020 $M	**2021 $M**	2020 $M
Current assets	**287.4**	159.8	**451.5**	279.1
Non-current assets	**261.7**	310.8	**147.6**	161.5
Total assets	**549.1**	470.6	**599.1**	440.6
Current net assets				
Current liabilities	**195.2**	94.2	**190.8**	99.5
Non-current liabilities	**62.6**	92.1	**51.5**	62.5
Total liabilities	**257.8**	186.3	**242.3**	162.0
Net assets	**291.3**	284.3	**356.8**	278.6
Attributable to:				
Owners of BlueScope Steel Limited	**116.5**	113.7	**178.4**	139.3
Non-controlling interests	**174.8**	170.6	**178.4**	139.3

	NS BlueScope (Steel) Thailand Ltd		Steelscape LLC	
Summarised statement of comprehensive income	**2021 $M**	2020 $M	**2021 $M**	2020 $M
Revenue	**546.1**	467.0	**860.9**	740.6
Expenses	**(487.4)**	(440.3)	**(743.2)**	(741.9)
Profit (loss) before tax	**58.7**	26.7	**117.7**	(1.3)
Income tax (expense)	**(7.4)**	(5.2)	**-**	-
Profit (loss) after tax	**51.3**	21.5	**117.7**	(1.3)
Attributable to non-controlling interests	**30.8**	12.9	**58.8**	(0.6)
Dividends paid to non-controlling interest	**4.9**	-	**8.7**	10.5

	NS BlueScope (Steel) Thailand Ltd		Steelscape LLC	
Summarised statement of cash flows	**2021 $M**	2020 $M	**2021 $M**	2020 $M
Cash inflow from operating activities	**117.4**	73.8	**125.1**	80.9
Cash (outflow) from investing activities	**(4.6)**	(25.7)	**(9.4)**	(8.4)
Cash (outflow) from financing activities	**(33.5)**	(27.2)	**(81.3)**	(18.8)
Net increases in cash and cash equivalents	**79.3**	20.9	**34.4**	53.7

23 Investment in associates

	Consolidated 2021 $M	Consolidated 2020 $M
Investment in associates	**0.4**	0.4

Name of entity	Principal place of business	Equity holding 2021 %	Equity holding 2020 %
Saudi Building Systems Manufacturing Company Ltd (i)	Saudi Arabia	**30**	30
Saudi Building Systems Ltd (i)	Saudi Arabia	**30**	30
NS BlueScope Lysaght (Sarawak) Sdn Bhd	Malaysia	**25**	25

(a) Movements in carrying amounts

	Note	Consolidated 2021 $M	Consolidated 2020 $M
Carrying amount at the beginning of year		**0.4**	5.3
Share of (losses) profits after income tax	(i)	**(1.5)**	(8.2)
Dividends received/receivable		**-**	(0.2)
Disposal of investment	21(a)(i)	**-**	(5.1)
Transfers	(i)	**1.5**	8.7
Currency fluctuation		**-**	(0.1)
Carrying amount at the end of the year		**0.4**	0.4

(i) A further $1.5M (2020: $8.7M) provision has been recognised for exit cost on the BlueScope's 30% investment in the Saudi Building business. The liquidation of the operation is expected to be completed in H1 FY2022.

(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.

24 Investment in joint ventures

	Consolidated	
	2021	2020
	$M	$M
Interest in joint venture partnerships	**108.9**	89.3

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	
	2021	2020
	$M	$M
Carrying amount at beginning of year	**89.3**	85.1
Share of profit after income tax	**26.7**	11.0
Reserve movements	**(0.2)**	-
Exchange fluctuations	**(6.9)**	(6.8)
Carrying amount at the end of the year	**108.9**	89.3

(b) Summarised financial information

	Tata BlueScope Steel	
	2021	2020
	$M	$M
Summarised statement of financial position		
Cash and cash equivalents	**52.1**	93.1
Financial investments	**34.4**	2.3
Other current assets	**93.3**	62.9
Non-current assets	**129.3**	150.7
Total assets	**309.1**	309.0
Current borrowings and lease liabilities	**10.5**	15.4
Other current liabilities	**45.4**	56.8
Non-current borrowings and lease liabilities	**17.0**	43.6
Other non-current liabilities	**18.4**	14.6
Total liabilities	**91.3**	130.4
Net assets	**217.8**	178.6
Proportion of the Group's ownership (%)	**50.0**	50.0
Carrying amount of the investment	**108.9**	89.3

	Tata BlueScope Steel	
	2021	2020
	$M	$M
Summarised statement of comprehensive income:		
Revenues	**403.3**	332.9
Expenses	**(322.9)**	(275.5)
Depreciation and amortisation expense	**(10.8)**	(13.4)
Net finance income (costs)	**1.4**	(1.0)
Profit before income tax	**71.0**	43.0
Income tax (expense)	**(17.7)**	(21.0)
Profit after income tax	**53.3**	22.0
Group's share of profit for the year	**26.7**	11.0
Group's share of capital commitments	**0.5**	0.1

24 Investment in joint ventures (continued)

(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 $5.8M (2020: $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 $4.9M (2020: $5.4M).

(d) Secured liabilities and assets pledged as security

The Tata BlueScope Steel borrowings and lease liabilities totalling $27.5M (2020: $59.0M) are secured against property, plant and equipment.

(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

25 Contingencies

(a) Contingent liabilities

The Group had contingent liabilities at 30 June 2021 in respect of:

(i) Outstanding legal matters
As announced to the market in August and October 2019, the 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 is due to commence on 30 August 2021. BlueScope is strongly defending the proceedings.

(ii) Guarantees
In Australia, BlueScope Steel Limited has provided $88.9M (2020: $73.6M) in guarantees to various state workers compensation authorities as a prerequisite for self-insurance. An amount, net of recoveries, of $58.5M (2020: $57.5M) 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 2021 totalled $146.0M (2020: $112.7M).

25 Contingencies (continued)

(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 2021.

26 Events occurring after balance date

The Board has approved an on-market share buyback of $500 million.

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.

27 Share-based payments

(a) Share award schemes

(i) STI share award
The Board approved the annual FY2021 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 shares will be issued in late August 2021.

(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) Non-Executive Director Salary Sacrifice Share Plan (NED)
In FY2021, 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.

27 Share-based payments (continued)

(b) Fair value of share rights granted

The fair value of the share rights granted during the year ended 30 June 2021 are as follows:

Fair Value inputs	FY2021 STI	FY2021 LTAR	FY2021 NED Tranche 1	FY2021 NED Tranche 2
Grant date	30-Nov-20	30-Nov-20	28-Aug-20	28-Aug-20
Vesting date	30-Jun-21	30-Jun-23	31-Dec-21	30-Jun-21
Share rights granted	772,711	1,386,804	4,010	5,499
Fair value estimate at grant date ($)	17.01	16.69	12.54	12.54
Cash settled rights (i)	-	51,920	-	-
Valuation date share price ($)	17.1	17.1	12.58	12.58
Expected dividend yield (%)	0.95	0.95	0.95	0.95
Expected risk-free interest rate (%)	0.01	0.11	0.02	0.02
Expected share price volatility (%)	45.00	40.00	45.00	45.00

(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)	Deferred equity/Retention (Senior management)	NED plan (Non-executive) directors)
Outstanding at the beginning of the year	279,820	3,293,708	72,164	-
Granted during the year	772,711	1,438,724	-	9,509
Exercised during the year	(190,600)	(1,013,008)	-	(4,010)
Lapsed during the year	(89,220)	(71,955)	-	-
Outstanding at the end of the year	772,711	3,647,469	72,164	5,499
Exercisable at the end of the year	772,711	847,317	-	5,499

(i) The average share price for the year ended 30 June 2021 was $16.82 (2020: $12.46).The weighted average remaining contractual life of share rights outstanding at the end of the period was 1 year (2020: 1 year).

(d) Expense arising from share-based payment transactions

	Consolidated	
	2021 $M	2020 $M
Employee share rights expense	**22.5**	14.0
Employee share awards expense	**1.1**	-
Total net expense arising from share-based payments	**23.6**	14.0

(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.

27 Share-based payments (continued)

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.

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.

28 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	
	2021	2020
	$'000	$'000
Short-term employee benefits	**8,983.5**	10,718.1
Post-employment and other long-term benefits	**369.5**	435.1
Share-based payments	**9,836.8**	6,749.6
	19,189.8	17,902.8

(c) Transactions with other related parties

The following transactions occurred with related parties other than Key Management Personnel or entities related to them:

	Consolidated	
	2021	2020
	$M	$M
Sales of goods and services		
Sales of goods to associates	**2.7**	1.9
Superannuation contributions		
Contribution to superannuation funds on behalf of employees	**118.6**	109.4

(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	
	2021	2020
	$M	$M
Current receivables (sales of goods and services)		
Associates	**0.8**	0.2

28 Related party transactions (continued)

(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 29(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 $1.5M (2020: $1.5M). These transactions have been made on commercial arm's length terms and conditions.

A non-executive director of BlueScope Steel Limited purchased building product materials from our Lysaght Australia business for a total consideration of $909, including freight and GST (2020: $25,089). This purchase has been settled in full and was made on the same terms as that available to all employees of the BlueScope Steel Group.

29 Parent entity financial information

(a) Summary financial information

Summarised Statement of comprehensive income

	2021 $M	2020 $M
Revenue	**4,081.9**	3,169.6
Other Income	**0.9**	0.4
Net impairment write-back (expense) of non-current assets	**22.3**	(22.2)
Finance costs	**(65.4)**	(73.6)
Other expenses	**(3,459.1)**	(3,160.1)
Net profit (loss) before income tax	**580.6**	(85.9)
Income tax (expense) benefit	**(18.4)**	13.6
Net profit (loss) for the year	**562.2**	(72.3)
Other comprehensive income (loss) for the year	**17.2**	(10.7)
Total comprehensive income (loss) for the year	**579.4**	(83.0)

Summary of movements in retained losses

	2021 $M	2020 $M
Retained losses at the beginning of the year	**(1,608.7)**	(1,523.9)
Net profit (loss) for the year	**562.2**	(72.3)
Transfer to profits reserve	**(562.2)**	-
AASB 16 Leases accounting policy changes, net of tax	**-**	(12.5)
Retained losses at the end of the year	**(1,608.7)**	(1,608.7)

29 Parent entity financial information (continued)

Summarised Statement of financial position

	2021 $M	2020 $M
Assets		
Current assets	**1,862.7**	3,627.8
Non-current assets	**3,718.8**	2,916.0
Total assets	**5,581.5**	6,543.8
Liabilities		
Current liabilities	**739.0**	2,214.8
Non-current liabilities	**137.8**	154.9
Total liabilities	**876.8**	2,369.7
Net assets	**4,704.7**	4,174.1
Equity		
Contributed equity	**3,650.8**	3,634.7
Share-based payments reserve	**54.1**	48.4
Hedge reserve	**6.5**	(10.7)
Profits reserve	**2,602.0**	2,110.4
Retained losses	**(1,608.7)**	(1,608.7)
Total equity	**4,704.7**	4,174.1

Profits reserve
Profits reserve represents profits available for distribution to BlueScope Steel Limited shareholders as dividends.

(b) Guarantees entered into by the parent entity

In Australia, the parent entity has given $88.9M (2020: $73.6M) 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 (30). Additionally, the parent entity has provided financial guarantees in respect to subsidiaries amounting to:

	Parent entity	
	2021 $M	2020 $M
Bank overdrafts and loans of subsidiaries	**1,271.5**	1,277.8
Other loans (unsecured)	**399.3**	436.6
Trade finance facilities	**199.6**	218.3
	1,870.4	1,932.7

(c) Capital commitments

As at 30 June 2021, the parent entity had capital commitments of $21.6M (2020: $19.6M). 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.

29 Parent entity financial information (continued)

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 $144.0M (2020: $88.4M) and intercompany payables of $1.3M (2020: $4.4M) of BlueScope Steel Limited have been recognised as a tax consolidated adjustment.

30 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'.

Statement of comprehensive income	**2021 $M**	2020 $M
Revenue	**4,911.6**	3,977.0
Other income	**0.7**	0.5
Changes in inventories of finished goods and work in progress	**56.9**	(17.9)
Raw materials and consumables used	**(2,947.2)**	(2,686.4)
Employee benefits expense	**(636.5)**	(556.7)
Depreciation and amortisation expense	**(121.6)**	(119.0)
Net impairment (expense) write-back of non-current assets	**(0.5)**	4.8
Freight on external despatches	**(282.0)**	(260.2)
External services	**(246.7)**	(241.3)
Finance costs	**(73.4)**	(81.3)
Other expenses from ordinary activities	**(90.5)**	(82.7)
Profit (loss) before income tax	**570.8**	(63.2)
Income tax (expense) benefit	**(36.2)**	14.7
Net profit (loss) for the year	**534.6**	(48.5)
Other comprehensive income (loss) for the year	**17.8**	(11.1)
Total comprehensive income (loss) for the year	**552.4**	(59.6)

30 Deed of cross - guarantee (continued)

Summary of movements in consolidated retained losses	2021 $M	2020 $M
Retained losses at the beginning of the year	**(1,561.6)**	(1,486.5)
Net profit (loss) for the year	**534.6**	(48.5)
Transfer to profits reserve	**(562.2)**	-
AASB 16 accounting policy changes, net of tax	**-**	(26.6)
Retained losses at the end of the year	**(1,589.2)**	(1,561.6)

(b) Statement of financial position

	2021 $M	2020 $M
Current assets		
Cash and cash equivalents	**0.2**	0.3
Trade and other receivables	**1,687.7**	3,505.9
Contract assets	**2.6**	1.0
Inventories	**685.7**	581.4
Deferred charges and prepayments	**18.6**	15.3
Total current assets	**2,394.8**	4,103.9
Non-current assets		
Trade and other receivables	**4.4**	8.4
Inventories	**23.7**	25.2
Other financial assets	**2,465.4**	1,538.2
Property, plant and equipment	**692.0**	672.4
Right-of-use assets	**172.8**	184.9
Deferred tax assets	**269.0**	434.2
Intangible assets	**16.6**	19.0
Deferred charges and prepayments	**13.2**	7.2
Total non-current assets	**3,657.1**	2,889.5
Total assets	**6,051.9**	6,993.4
Current liabilities		
Trade and other payables	**740.6**	608.4
Borrowings	**50.8**	1,660.9
Lease liabilities	**50.1**	47.8
Provisions	**206.4**	163.1
Contract liabilities	**24.2**	12.1
Total current liabilities	**1,072.1**	2,492.3
Non-current liabilities		
Trade and other payables	**17.8**	32.4
Lease liabilities	**174.7**	191.7
Provisions	**61.9**	55.1
Deferred income	**0.9**	1.1
Total non-current liabilities	**255.3**	280.3
Total liabilities	**1,327.4**	2,772.6
Net assets	**4,724.5**	4,220.8
Equity		
Contributed equity	**3,650.8**	3,634.7
Share-based payments reserve	**54.1**	48.4
Hedging reserve	**6.8**	(11.1)
Profits reserve	**2,602.0**	2,110.4
Retained losses	**(1,589.2)**	(1,561.6)
Total equity	**4,724.5**	4,220.8

31 Financial instruments and risk

(a) Financial assets and liabilities

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	21	**-**	**27.9**	**-**	**-**	**27.9**
Derivative financial instruments	31(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	31(d)	**-**	**-**	**(16.3)**	**-**	**(16.3)**
		1,651.2	**27.9**	**12.8**	**(3,399.6)**	**(1,707.7)**

30 June 2020	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	1,129.1	-	-	-	1,129.1
Equity investment	21	-	15.5	-	-	15.5
Derivative financial instruments	31(d)	-	-	7.7	-	7.7
		1,129.1	15.5	7.7	-	1,152.3
Financial liabilities						
Payables	9	-	-	-	(1,738.4)	(1,738.4)
Borrowings	16	-	-	-	(784.0)	(784.0)
Lease liabilities	17(c)	-	-	-	(536.4)	(536.4)
Derivative financial instruments	31(d)	-	-	(27.7)	-	(27.7)
		1,129.1	15.5	(20.0)	(3,058.8)	(1,934.2)

(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.

31 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 (2021: $194.2M, 2020: $314.1M) and investments in cash and cash equivalents (2021: $1,961.9M, 2020: $1,399.5M).	Sensitivity analysis	The profit impact from a reasonably possible movement in interest rates (+/- 50 basis points) is +/- $6.6M 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 electricity prices (+/- 20%) is +/-$2.2M net of tax. The equity impact from a reasonably possible movement in brent oil prices (+/- 10 %) is +/- $1.1M 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/Geo-graphical)	•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	•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.

31 Financial instruments and risk (continued)

(c) Foreign currency risk exposure and sensitivity analysis (A$/US$)

	Consolidated	
	2021	2020
	$M	$M
Cash and cash equivalents	**31.8**	18.1
Trade and other receivables	**18.9**	35.6
Forward foreign exchange contracts	**3.9**	-
Forward commodity contracts	**12.3**	-
Commodity option	**12.9**	7.6
Financial assets	**79.8**	61.3
Trade and other payables	**130.3**	77.7
Borrowings	**49.6**	61.8
Forward foreign exchange contracts	**-**	1.6
Forward commodity contracts	**-**	20.1
Financial liabilities	**179.9**	161.2
Net exposure	**(100.1)**	(99.9)

	Post-tax profit higher (lower)		Equity higher (lower)	
Judgement of reasonably possible movements:	**2021**	2020	**2021**	2020
	$M	$M	**$M**	$M
A$/US$ + 10% (2020: +10%)	**7.6**	7.2	**7.6**	7.2
A$/US$ - 10% (2020: -10%)	**(9.9)**	(9.4)	**(9.9)**	(9.4)

(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	
	2021	2020
	$M	$M
Forward foreign exchange contracts - cash flow hedges (i)	**3.9**	0.1
Commodity option - non-current asset (iii)	**12.9**	7.6
Forward commodity contracts - cash flow hedges (ii)	**12.3**	-
Financial assets	**29.1**	7.7
Forward foreign exchange contracts - cash flow hedges (i)	**3.5**	1.6
Solar PPA - non-current liability (iv)	**12.8**	6.0
Forward commodity contracts - cash flow hedges (ii)	**-**	20.1
Financial liabilities	**16.3**	27.7
Net exposure	**12.8**	(20.0)

(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.

31 Financial instruments and risk (continued)

(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. Additionally, the Group has entered into forward contracts for the purchase of electricity for its New Zealand Steel business

(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$9.6M as at 30 June 2021 (June 2020: US$5.3M). 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 $6.6M.

(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 solar farm is currently operating at full output. 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 2021 PPA derivative payable was valued at $12.8M (June 2020: $6.0M). The increase in fair value is primarily driven by an increase in electricity spot prices.

(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:

	2021		2020	
	Carrying amount $M	Fair value $M	Carrying amount $M	Fair value $M
Non-traded financial liabilities				
Other loans	**399.3**	**432.0**	436.6	490.7
Net assets (liabilities)	**(399.3)**	**(432.0)**	(436.6)	(490.7)

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).

31 Financial instruments and risk (continued)

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 31(d)) and the commodity royalty option is considered level 3.

(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.

32 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	
	2021 $'000	2020 $'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	**2,236**	2,620
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	**-**	283
- Environmental compliance	**-**	30
Fees for other services		
- Tax compliance	**35**	53
- Advisory related	**1,157**	162
Total fees to Ernst & Young (Australia)	**3,428**	3,148
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	**2,602**	2,855
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	**40**	64
Total fees to overseas member firms of Ernst & Young (Australia)	**2,642**	2,919
Total auditor's remuneration	**6,070**	6,067
Comprising:		
Total fees for audit services	**4,838**	5,475
Total fees for other services	**1,232**	592

33 Other accounting policies

(a) New Accounting Standards and Interpretations adopted by the Group

(i) AASB 2019-3 Amendments to AASs - Interest Rate Benchmark Reform (effective 1 July 2020)
These amendments to AASB 7 Financial Instruments: Disclosures, AASB 9 and AASB 139 Financial Instruments: Recognition and Measurement were issued in response to the effects of Interbank Offered Rates reform on financial reporting. They provide mandatory temporary relief enabling hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative “nearly risk-free” benchmark.

These amendments apply retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated, nor can any hedge relationships be designated with the benefit of hindsight. An assessment of the amendments of the standard has not resulted in any impact on the financial statements.

(ii) AASB 2018-7 Amendments to AASs- Definition of Material (effective 1 July 2020)
The amendments align the definition of ‘material’ across AASB 101 Presentation of Financial Statements and AAS 108 Accounting Policies, Changes in Accounting Estimates and Errors, and clarify certain aspects of the definition. The new definition states that, ’Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. An assessment of the amendments of the standard resulted in no significant impact on the Group's current criteria of 'materiality' principles.

33 Other accounting policies (continued)

(iii) IFRIC Agenda decision (April 2021) – Configuration or Customisation Costs in a Cloud Computer Arrangement

The IFRIC committee received a request about how a customer accounts for costs of configuring or customising a supplier's application software in a Software as a Service (SaaS) arrangement. The guidance helped clarify whether an identifiable controllable asset arises from a software as a service (SaaS) arrangement.

The IFRIC guidance states that in most cloud computing arrangements configuration and customisation costs should be expensed as incurred. This is on the basis that the customer does not create an asset as they do not control the software being configured and or customised and this does not create a resource that is controlled by the customer that is separate from the software. However, in some circumstances the arrangement may result in, for example, additional code from which the customer has the power to obtain the future economic benefits and to restrict others access to those benefits. In that case the customer assesses whether the additional code results in an identifiable asset that meets the recognition criteria under AASB 138 (Intangible Assets).

A review of the Group's accounting for SaaS projects was undertaken in light of this guidance. This review did not result in any material adjustments to the Group's financial statements.

(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 2021 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 2023)
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.

The Group does not expect these amendments to have any significant impact on the Group's current classification of current and non-current liabilities.

(ii) Amendments to IAS 16 Property, Plant & Equipment: Proceeds before Intended Use (effective 1 July 2022)

The amendments prohibit a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a Company will recognise such sales proceeds and related cost in the profit or loss.

The Group does not expect this amendment to have any significant impact on the Group's financial statements.

(iii) Amendments to IAS 37 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.

33 Other accounting policies (continued)

(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 2021

In the Directors' opinion:

(a) the financial statements and notes set out on pages 1 to 66 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 2021 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 30 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 30.

(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

16 August 2021

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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 2021, 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 2021 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.

Building a better working world

1. Carrying value of property, plant & equipment (PPE) and intangible assets (including goodwill)

Why significant

As required by Australian Accounting Standards the Group annually tests goodwill for impairment and tests other non-current assets where indicators of impairment exist using a discounted cash flow model to estimate the recoverable value.

At 30 June 2021, the Cash Generating Units (CGUs) with significant goodwill balances include North Star BlueScope Steel (goodwill balance of $885m) and Buildings North America (goodwill balance of $291m). The CGUs with a significant PPE balance are Australian Steel Products (PPE balance of $2,001m) and North Star BlueScope Steel (PPE balance of $1,277m).

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.

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 or impairment reversal of the PPE and intangible assets (including goodwill) balance in the future.

How our audit addressed the key audit matter

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.

In respect to the Group's cashflow forecasts, for relevant CGUs, where indicators of impairment were present or in CGUs that contained significant goodwill balances as at 30 June 2021, we:

- 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
- Considered the EBITDA multiples against comparable companies as a valuation cross check
- Tested the mathematical accuracy of the discounted cash flow model.

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.

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).

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 2021 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will 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 on the other information obtained prior to the date of this auditor's report, 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.

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

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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.
- 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 35 to 63 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of BlueScope Steel Limited for the year ended 30 June 2021, 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.

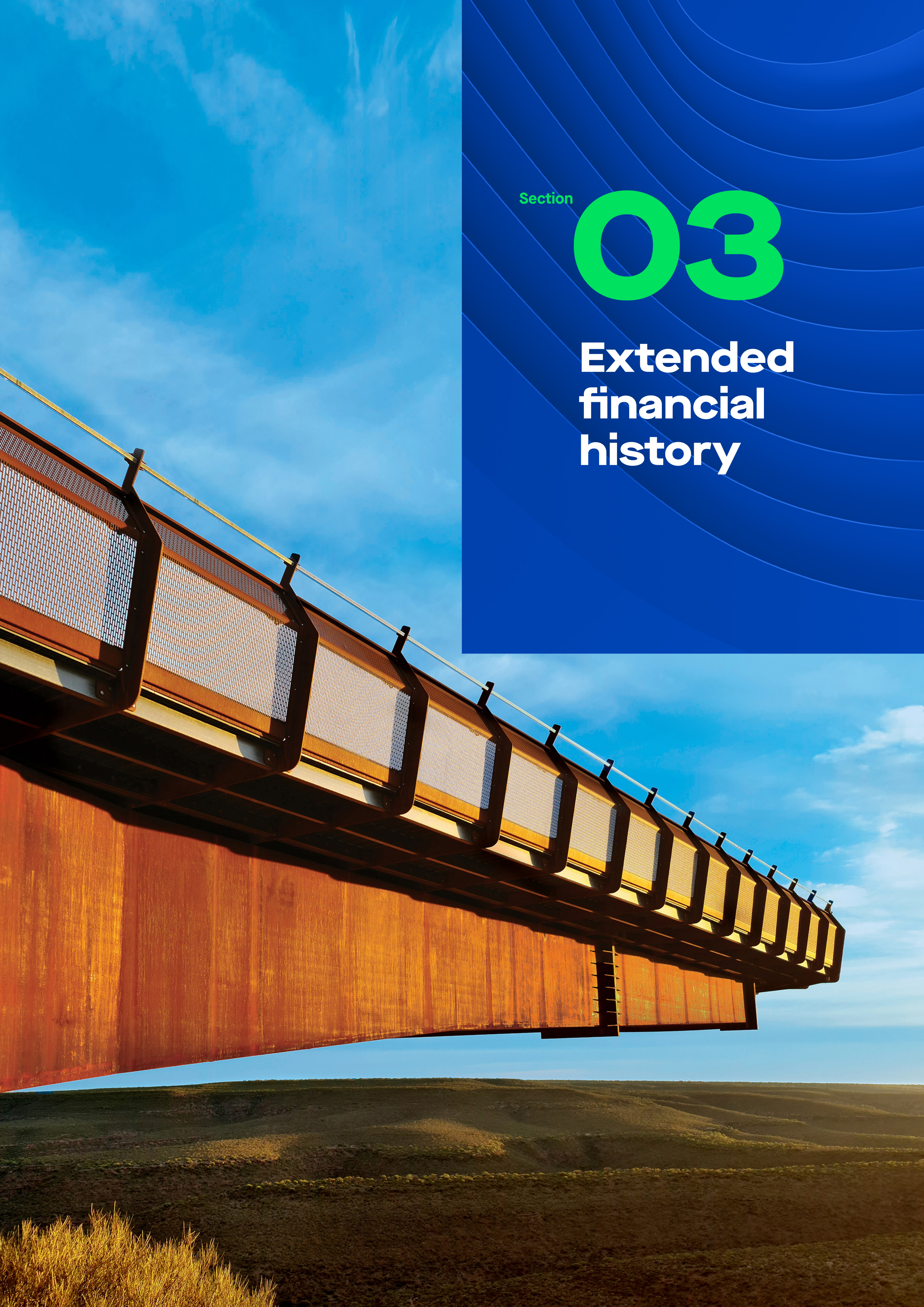
Ernst & Young

Ernst & Young

Glenn Carmody
Partner
Melbourne
16 August 2021

Section 03

Extended financial history



10 Year Financial History

A$M unless marked; years ended 30 June		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Income Statement Key Items											
Total Revenue[1]		8,622	7,290	8,007	8,572	9,203	10,758	11,578	12,586	11,324	12,902
EBITDA[2] - Reported		(489)	339	430	640	1,010	1,425	1,840	1,754	844	2,246
- Underlying		101	391	538	663	963	1,484	1,645	1,761	1,099	2,212
EBIT[2] - Reported		(820)	23	102	297	622	1,045	1,463	1,341	310	1,759
- Underlying		(219)	77	217	326	582	1,105	1,269	1,348	564	1,724
NPAT - Reported		(1,044)	(107)	(82)	136	354	716	1,569	1,016	97	1,193
- Underlying		(228)	(2)	77	161	307	652	826	966	353	1,166
Segment underlying EBIT											
Australian Steel Products		(365)	(55)	48	150	361	459	587	535	305	674
North Star BlueScope Steel		62	67	105	107	147	407	431	655	190	677
Building Products Asia & North America		92	100	104	108	163	209	185	134	155	334
Buildings North America		(6)	(6)	7	32	34	58	75	53	38	88
New Zealand and Pacific Islands		69	34	32	(7)	(40)	61	112	81	(6)	130
Corporate & Group		(69)	(63)	(80)	(65)	(81)	(89)	(109)	(114)	(124)	(137)
Inter-segment		(2)	(1)	2	0	(1)	1	(11)	4	6	(42)
Continuing businesses underlying EBIT		**(220)**	**77**	**217**	**326**	**582**	**1,105**	**1,269**	**1,348**	**564**	**1,724**
Financial Performance Measures											
Return on invested capital[3]		-4.3%	1.8%	4.5%	6.4%	9.5%	18.5%	20.0%	19.5%	7.6%	24.8%
Return on equity[4]		-5.6%	-0.1%	1.9%	3.8%	6.7%	13.5%	15.3%	14.4%	5.1%	17.2%
Capital, Earnings Per Share & Dividends											
Weighted average number of ordinary shares	(millions)	2,668.7	558.2	558.6	561.2	570.1	571.1	556.8	534.9	507.3	503.6
Earnings per share (reported)[5]	¢/s	(39.1)	(19.2)	(14.8)	24.3	62.1	125.3	281.8	189.9	19.0	237.0
Earnings per share (adjusted)[6]	¢/s	(234.6)	(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	0.0	6.0	6.0	9.0	14.0	14.0	14.0	50.0

A$M unless marked; years ended 30 June	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Cash Flow Summary										
Net cash inflow (outflow) from operating activities	267	161	407	539	952	1,132	1,141	1,682	818	1,658
Net cash inflow (outflow) from investing activities	(80)	(310)	(438)	(411)	(1,290)	(408)	(380)	(388)	(570)	(757)
Net cash inflow (outflow) from financing activities	(148)	429	(15)	(115)	368	(509)	(582)	(606)	(484)	(296)
Net increase (decrease) in cash held	**39**	**281**	**(45)**	**13**	**30**	**215**	**179**	**688**	**(236)**	**605**
Financial Position										
Total assets	6,734	7,331	7,519	7,878	9,149	9,575	10,931	11,696	11,560	13,149
Total liabilities	2,955	2,871	3,062	3,138	4,163	4,037	4,043	4,355	4,521	4,989
Net assets	**3,779**	**4,460**	**4,457**	**4,739**	**4,985**	**5,539**	**6,888**	**7,342**	**7,040**	**8,160**
Net Operating Assets (pre-tax)	4,047	4,441	4,664	4,888	5,750	5,803	6,538	6,417	6,724	7,493
Net Debt / (Cash)	384	148	262	275	778	232	(64)	(693)	(79)	(798)
Gearing (net debt / net debt plus equity)	**9.2%**	**3.2%**	**5.5%**	**5.5%**	**13.5%**	**4.0%**	**NA**	**NA**	**NA**	**NA**

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

04

Shareholder information and corporate directory

Shareholder Information

As at 27 August 2021

Distribution Schedule

Range	No of Holders	Securities	%
1 to 1,000	59,491	16,941,169	3.36
1,001 to 5,000	10,502	21,220,565	4.21
5,001 to 10,000	937	6,528,146	1.30
10,001 to 100,000	419	9,688,448	1.92
100,001 and Over	48	449,427,912	89.21
Total	**71,397**	**503,806,240**	**100.00**

Based on a closing share price of $24.550 on 27 August 2021, the number of shareholders holding less than a marketable parcel of 21 shares is 3,774 and together they hold 36,702 shares.

Twenty Largest Registered Shareholders

Rank	Name	Securities	%IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	196,665,963	39.04%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	106,367,507	21.11%
3	CITICORP NOMINEES PTY LIMITED	62,194,151	12.34%
4	NATIONAL NOMINEES LIMITED	28,660,286	5.69%
5	CITICORP NOMINEES PTY LIMITED	10,611,898	2.11%
6	BNP PARIBAS NOMINEES PTY LTD	10,208,248	2.03%
7	BNP PARIBAS NOMS PTY LTD	8,673,842	1.72%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	6,113,394	1.21%
9	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	3,444,351	0.68%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,273,459	0.65%
11	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,365,595	0.27%
12	PACIFIC CUSTODIANS PTY LIMITED	1,186,463	0.23%
13	AMP LIFE LIMITED	944,014	0.19%
14	NATIONAL NOMINEES LIMITED	692,231	0.14%
15	INVIA CUSTODIAN PTY LIMITED	634,540	0.13%
16	WOODROSS NOMINEES PTY LTD	589,478	0.12%
17	BNP PARIBAS NOMS(NZ) LTD	581,164	0.12%
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	562,285	0.11%
19	BNP PARIBAS NOMINEES PTY LTD BARCLAYS	478,054	0.09%
20	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	465,470	0.09%
	TOTAL	**443,712,393**	**88.07%**
	Balance of Register	**60,093,847**	**11.93%**
	Grand TOTAL	**503,806,240**	**100.00%**

Substantial Shareholders

As at 27 August 2021, BlueScope has been notified of the following substantial shareholdings:

Name	Number of securities held*
The Vanguard Group Inc	27,559,047
BlackRock Group	34,947,589

**as at the date of the relevant substantial shareholder notice*

On-Market Share Buy-Back

On 16 August 2021, BlueScope announced its intention to undertake an on-market share buy-back of up to $500 million.

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

1,233,054 securities were purchased on-market under or for the purposes of an employee incentive scheme, with the average price paid per security being $12.961.

Unquoted equity securities

There are 4,296,749 employee share/alignment rights on issue which are held by 247 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 *Chairman* M R Vassella *Managing Director and Chief Executive Officer* P Bingham-Hall E G W Crouch AM R P Dee-Bradbury J M Lambert R M Hutchinson K M Conlon
Secretaries	D J Counsell P S Grau
Management Team	M R Vassella *Managing Director and Chief Executive Officer* T J Archibald *Chief Financial Officer* D J Counsell *Chief Legal Officer and Company Secretary* P Finan *Chief Executive Hot Rolled Products North America* J Nowlan *Chief Executive Australian Steel Products* G Stephens *Chief Executive Climate Change & New Zealand & Pacific Islands* A Garey *Chief Strategy & Transformation Officer* K Keast *Chief Executive People & North American Development* C Zhang *Chief Executive NS BlueScope* X Huang *President, BlueScope China* S Stark *President, BlueScope Buildings North America*
Notice of Annual General Meeting	The Annual General Meeting of BlueScope Steel Limited will be held online at https://agmlive.link/BSL21 at 10.00am (AEDT) on Thursday 18 November 2021.
Corporate Governance Statement	An overview of BlueScope Steel Limited's corporate governance structures is presented in the 2021 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

Click to read our other reports

Level 11, 120 Collins Street
Melbourne, Victoria 3000 Australia

bluescope.com

@BlueScope

BlueScope Steel Limited ABN 16 000 011 058