BlueScope

Annual Report
2019/20

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

Contents

Chairman's Message

I write to you as COVID-19 has presented unprecedented challenges for our business, not to mention its effect on the global economy and on our very way of life.

John Bevan
Chairman

The Board of Directors and I commend all BlueScope people for the way they have responded and adapted to this change and disruption, while safely maintaining manufacturing operations and keeping customers supplied with quality steel products.

While the effect of the pandemic has been unparalleled, I am confident BlueScope is well placed to succeed through periods of uncertainty, with a geographically diverse business model, strong balance sheet and highly capable people ready to adapt and respond as challenges arise.

Throughout this time, BlueScope has shown once again the resilience in its earnings, the quality of its cash flow and the strength of the balance sheet.

CAPITAL MANAGEMENT

8 CPS FINAL DIVIDEND (UNFRANKED)

Resilient business model

The Company maintained high levels of business activity throughout the June half of FY2020. The Australian Steel Products segment saw domestic despatch volume increase three per cent in FY2020. In the US, despite closures of major automaker customers from mid-March to mid-May, North Star maintained capacity utilisation of over 90 per cent during 2H FY2020.

BlueScope is capable of withstanding some of the toughest conditions that the economy has thrown at us. Accordingly, your Board has approved the payment of an 8 cents per share final dividend.

Capital management

During FY2020, BlueScope bought back $229 million of shares on-market and paid $71 million in dividends.

A key element of BlueScope's strategy is to maintain strong financial capacity to weather industry and economic cycles and deliver on value creating investment opportunities. To this end, our priority is the North Star BlueScope Steel expansion where we expect to spend in the range of US$375 million to US$450 million during FY2021. Accordingly, BlueScope's buy-back program will remain on hold until there is a demonstrable improvement in business conditions.

Safety

Tragically, in May, a contractor was fatally injured while working at the berth at the Port Kembla Steelworks. The Company will learn from the findings of the investigation into this tragic accident. The health, safety and wellbeing of our employees remains our primary focus.

FY2020 FINANCIAL HEADLINES

$96.5M REPORTED NPAT

$353M UNDERLYING NPAT

$564M UNDERLYING EBIT

7.6% UNDERLYING ROIC

During the year, the Board Health, Safety and Environment Committee endorsed the launch of the Company's new HSE strategy, which enshrines a new approach to safety at BlueScope.

It incorporates a holistic mindset about risk, seeing it as an opportunity to learn and improve safety performance, and thus move away from the metrics-based method traditionally used to measure progress and as a basis for a reactive response to risk management.

This shift in thinking is based on the belief that safety reflects the capacity to manage risk in variable conditions, and that the knowledge and experience of our people contribute to safer work environments.

It recognises that this will not be achieved through paperwork and compliance alone. Rather, directly engaging with employees to learn from their hands-on workplace knowledge, experience and relationships can deliver demonstrably improved safety performance and behaviours.

Our Purpose and Strategy

The Company has launched its Purpose statement:

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

Our Purpose speaks to why we operate and where we want to be – to see our people work together to inspire our customers, meet our sustainability commitments, deliver value to our shareholders and strengthen communities for the long term.

We continue to review and adapt our strategy to drive performance and deliver on Our Purpose. The strategy aims to:

» transform BlueScope to deliver a step change in customer experience and business performance – including through digital technology and our approach to climate change and sustainability;

» grow our portfolio of sustainable steelmaking and world leading coating, painting and steel products businesses; and

» deliver a safe workplace, an adaptable organisation and strong returns.

Major portfolio initiatives underway at present are the expansion of the North Star US mini-mill and reconfiguration of the New Zealand and Pacific Islands segment.

North Star BlueScope Steel expansion

The cornerstone project to expand the North Star mini-mill in Delta, Ohio, by around 850,000 tonnes per annum is proceeding, although at a slower pace to preserve cash flow as a result of the effects of COVID-19 on our business. The project is progressing well and on track for commissioning during 2H FY2022.

We have been encouraged by North Star's performance during the past six months and by the rate of capacity rationalisation in the immediate region and the broader US market, further reinforcing our belief in the investment case.

New Zealand & Pacific Islands review and restructure

Substantial progress has been made on a strategic review of the Company's operations in New Zealand that began during the second half. This review is targeting a reconfiguration of the business by delivering a change in product mix, cost and productivity improvements. Our intention is to deliver an appropriate level of profitability and sustainability by making the business more fit for purpose and fit for market.

While we are confident we can deliver on this plan, in the event that the improvements are not achieved, the business may shift to external supply of products, and primary steelmaking operations at Glenbrook may cease.

A $197.0 million write-down was recognised in the New Zealand and Pacific Islands segment in the FY2020 financial results based on updated expectations of lower sustainable earnings in the longer-term from the current business model.

Sustainability

Being resilient and building a sustainable future remains central to our strategy.

Significant work is underway to review supply chain sustainability, with 103 supplier assessments completed to date and 70 underway. BlueScope's Modern Slavery Statement has recently been published on our website, and we continue to focus on our approach to managing the risks of modern slavery.

We continue to make progress on building diversity in the workplace, and seek to build our diversity pipeline through targeted initiatives, and the promotion of careers in science, technology, engineering and mathematics.

BlueScope's FY2020 Sustainability Report was published this month, highlighting the Company's progress towards the five outcomes that reflect the sustainability challenges and opportunities of most importance to our stakeholders and to BlueScope's longer-term success:

» Strong and sustainable business

» Safe and inclusive workplaces

» Responsible products and supply chains

» Climate change action

» Strong communities

Taking action on climate change is a key pillar of our strategy, and is the focus of BlueScope's new Climate Change Council. We continue to investigate the decarbonisation pathway and timeframe appropriate for our business.

BlueScope has played a foundational role in the establishment of ResponsibleSteel™, the steel sector's first global multi-stakeholder standard and certification program. The ResponsibleSteel™ Standard, defining the performance expectations to support the responsible sourcing and production of steel, was launched during the year. The Company has committed our largest global manufacturing site, the Port Kembla Steelworks, to the ResponsibleSteel™ Standard and Certification scheme.

To ensure all BlueScope people continue to act fairly, ethically and with integrity, helping create lasting benefits for our customers, people, shareholders and community, the Company's revised Guide to Business Conduct will be launched later this year as our Code of Conduct, It will clearly communicate our expectations of employees and other stakeholders, and offer relevant and practical guidance to help them make good decisions.

Executive Leadership Team

Charlie Elias, Chief Executive NS BlueScope, left the Company in early July to take a career sabbatical. Charlie was a highly valued member of the Executive Leadership Team and key contributor to the turnaround and transformation of our Company in the decade following the global financial crisis and, more recently, to the transformation of our NS BlueScope and China businesses, positioning them for a new phase of growth. I personally would like to thank him for his contribution to BlueScope and the advice and support he gave to the Board. A succession process for the role of Chief Executive NS BlueScope is underway.

Board composition

In February we welcomed Ms Kathleen Conlon to the Board. Kathleen brings over 20 years of professional management consulting experience specialising in strategy and business improvement. She joined the Chicago office of The Boston Consulting Group (BCG) in 1985, before transferring to Sydney and leading BCG's Asia Pacific operations practice. Her experience, deep knowledge and insights are a valuable addition to the Board and of benefit to BlueScope in the execution of its strategy.

Lloyd Jones retired from the Board at the Annual General Meeting last November. Lloyd was a great contributor to BlueScope in his seven year term on the Board, and in particular his insights on world-class manufacturing were of great benefit to the Company. On behalf of the Board I wish Lloyd well for the future.

Conclusion

We face an uncertain environment in the year ahead due to the risk of continued disruption from the effects of COVID-19 on demand, supply chains and operations, combined with broader macroeconomic weakness dampening demand.

In light of this, BlueScope is not providing specific underlying EBIT guidance for 1H FY2021. However, the resilience of BlueScope's business, and the strength of its balance sheet should place the Company in a good position to withstand the challenges ahead.

We will provide an update on trading conditions at our Annual General Meeting on 19 November 2020.

I thank management and employees for their commitment to our Company, and their continued cooperation in adapting to meet new challenges as they arise.

I also thank my fellow Directors, and you, our shareholders, for your support of our Company.

John Bevan
Chairman

Section

01

Directors' report

Directors' Report for the year ended 30 June 2020

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 2020.

OPERATING AND FINANCIAL REVIEW

DESCRIPTION OF OPERATIONS

BlueScope is a technology leader in, and the largest global producer of, metal coated and painted steel building products. 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, automotive and transport, agricultural and mining industries. In Australia, BlueScope's steel products are sold directly to customers from our 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 in China, India, Indonesia, Thailand, Vietnam, Malaysia 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 this 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 BlueScope Steel (NSBSL) is a low-cost regional supplier of hot rolled coil, based in Ohio, in the United States of America. NSBSL is highly efficient, operates at industry leading utilisation rates and is strategically located near its customers and in one of the largest scrap markets of North America.

BlueScope is a leading supplier of engineered building solutions (EBS) to industrial and commercial markets. 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.

THE BLUESCOPE INVESTMENT PROPOSITION

DELIVERING RETURNS THROUGH THE CYCLE

A disciplined and advantaged steel building products company focussed on growing long term shareholder value.

ASSETS & CAPABILITY

- Integrated and resilient Australian business delivering returns across the cycle
- Iconic industrial brand position of COLORBOND® steel
- Global leader in coating and painting for Building and Construction Markets
- Operate in the world's two largest construction markets of China and US, and high growth markets in ASEAN and India
- Have the lowest cost expansion project in the US at North Star, which is one of the most profitable mini-mills in the US

CAPITAL DISCIPLINE AND RETURNS FOCUS

- Strong balance sheet, with a target of around $400M net debt (including operating leases)[1]
- Returns-focussed process with disciplined competition for capital between investment for long-term growth and returns to shareholders
- Clear target to deliver:
  - Safe and sustainable operations
  - ROIC > WACC on average through the cycle
  - at least 50% of free cash flow to shareholders
  - EPS growth through the cycle

POSITIONED FOR GROWTH

- Positioned for post-COVID trends:
  - lower density housing; rise in A&A
  - e-commerce and logistics growth
  - onshoring of supply chains
- Innovating to drive inter-material and broader growth in Australia and beyond
- Expanding best-in-class US mini-mill for FY2022/23 growth
- Targeting further growth from outstanding suite of Asian coating assets
- Restructuring NZ business to deliver improved performance
- Transforming how we do business through digital technology

(1) Measure includes impact of AASB 16 leases. Net cash of $509 million excluding the impact of leases as per AASB 16.

RESILIENCE DURING UNCERTAINTY

With its strong balance sheet, high quality asset portfolio and proven team, BlueScope will continue to meet the challenges of this unprecedented period. The Company is well placed to contribute in a post-COVID-19 economic recovery.

MAINTAINED COVID-SAFE WORKPLACES	• Comprehensive health measures adopted in all operating locations, leveraging strong safety culture and capabilities • Sites have low employee density, with a high degree of automation. Where possible, employees working from home • No closures due to COVID-19 infection outbreaks at operating sites to date
RESILIENT BUSINESS MODEL	• Resilience and quality of business model demonstrated with robust volumes in key markets • ASP saw strongest domestic despatch volume in 2H FY2020 since 1H FY2019 • North Star capacity utilisation above 90% during 2H
STRONG CASH FLOW AND BALANCE SHEET	• Generated $438M free cash in 2H (before North Star expansion spend and dividends / buy-backs) • Strong balance sheet with $79M net cash[1] and $3.1Bn liquidity at 30 June 2020 • Disciplined approach to capital allocation
NORTH STAR EXPANSION ON-TRACK	• Quality of North Star asset highlighted by high utilisation levels amid accelerating US capacity rationalisation • Expansion project on track and remains a capital allocation priority given long term value accretion. Expect Midwest demand to exceed supply by 2024
POSITIONED TO MEET EMERGING CUSTOMER TRENDS	• Localisation of supply chains aligns to BlueScope's multi-domestic market focus • Shift towards lower density and regional residential housing; increasing alterations and additions activity • Enhancing focus on e-commerce growth, including construction of logistics, warehousing and data centre infrastructure

(1) Measure includes impact of AASB 16 leases. Net cash of $509 million excluding the impact of leases as per AASB 16.

OUR PURPOSE, APPROACH AND STRATEGY

Central to what we aim to achieve and how we do it are Our Purpose, Our Bond and our Corporate Strategy.

OUR PURPOSE

WE CREATE AND INSPIRE SMART SOLUTIONS IN STEEL TO STRENGTHEN OUR COMMUNITIES FOR THE FUTURE

We proudly launched Our Purpose this year. Our Purpose speaks to why we operate and where we want to be – to see our people work together to inspire our customers, meet our sustainability commitments, deliver value to our shareholders and strengthen communities for the long term.

Our Purpose was created through the contribution of our employees and other stakeholders, with more than 450 people giving their perspective in workshops held across our global operations.

OUR BOND – GUIDING OUR VALUES

WE AND OUR CUSTOMERS PROUDLY BRING INSPIRATION, STRENGTH AND COLOUR TO COMMUNITIES WITH BLUESCOPE

- **Our customers are our partners** – Our success depends on our customers and suppliers choosing us. Our strength lies in working closely with them to create value and trust, together with superior products, service and ideas.
- **Our people are our strength** – Our success comes from our people. We work in a safe and satisfying environment. We choose to treat each other with trust and respect and maintain a healthy balance between work and family life. Our experience, teamwork and ability to deliver steel inspired solutions are our most valued and rewarded strengths.
- **Our shareholders are our foundations** – Our success is made possible by the shareholders and lenders who choose to invest in us. In return, we commit to continuing profitability and growth in value, which together make us all stronger.
- **Our communities are our homes** – Our success relies on communities supporting our business and products. In turn, we care for the environment, create wealth, respect local values and encourage involvement. Our strength is in choosing to do what is right.

EVOLVING OUR CORPORATE STRATEGY

The Strategy aims to transform and grow BlueScope, while continuing to deliver on core expectations for our stakeholders.

TRANSFORM

DELIVER A STEP CHANGE IN CUSTOMER EXPERIENCE AND BUSINESS PERFORMANCE

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

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

GROW

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

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

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

Pursue incremental opportunities in Australia

DELIVER

DELIVER A SAFE WORKPLACE, AN ADAPTABLE ORGANISATION AND STRONG RETURNS

Deliver safe and sustainable operations and an inclusive and diverse workplace.

Maintain an integrated and resilient Australian business

Secure the future of steelmaking in NZ

Deliver returns greater than the cost of capital through the cycle

Maintain a strong and robust balance sheet

Deliver strong returns to shareholders

OUR FINANCIAL FRAMEWORK

Our Financial Framework guides our measurement of performance and capital allocation.

1 RETURNS FOCUS

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

2 OPTIMAL CAPITAL STRUCTURE

- Strong balance sheet, with a target of around $400M net debt (including operating leases)[1]
- 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

3 DISCIPLINED CAPITAL ALLOCATION

Invest to maintain safe and reliable operations, and in foundation and new technologies

Returns-focussed process with disciplined competition for capital between:

- Growth capital
  - Investments
  - M&A (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[2]

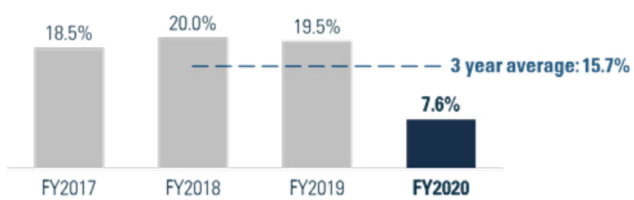
(1) Equivalent to existing target of around zero net debt, excluding the impact of ~$400M of leases capitalised under AASB16.
(2) On-market buy-backs are an effective method of returning capital to shareholders after considering various alternatives and given BlueScope's lack of franking capacity. Given large capex program in FY2021 for North Star expansion and uncertain market conditions, there is currently no active buy-back program.

RETURNS FOCUS

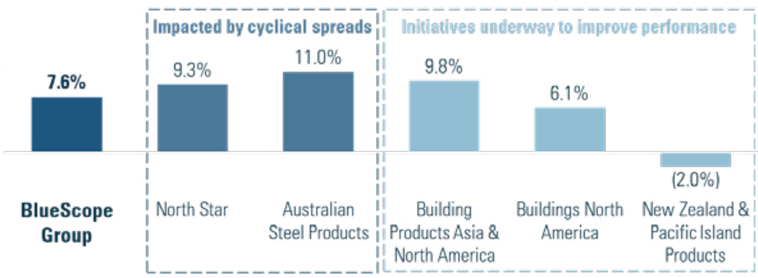
Underlying EBIT ROIC is the primary measure of performance across all business units and the Group. It underpins our objective of delivering top quartile shareholder returns and is a key discipline for performance management, project assessment, and executive incentives.

In FY2020 underlying EBIT ROIC was 7.6%, down from 19.5% in FY2019. The average over the last three years was 15.7%.

Group ROIC Performance (%)

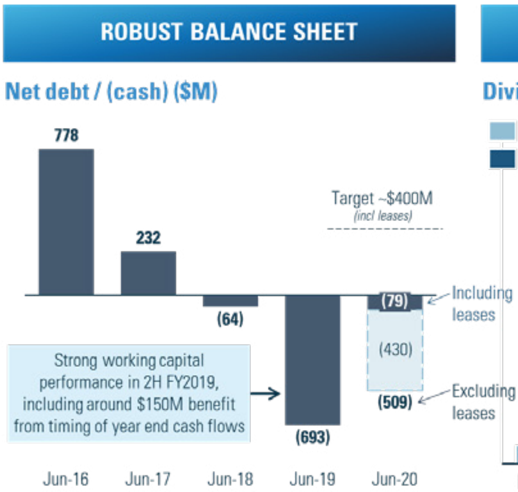


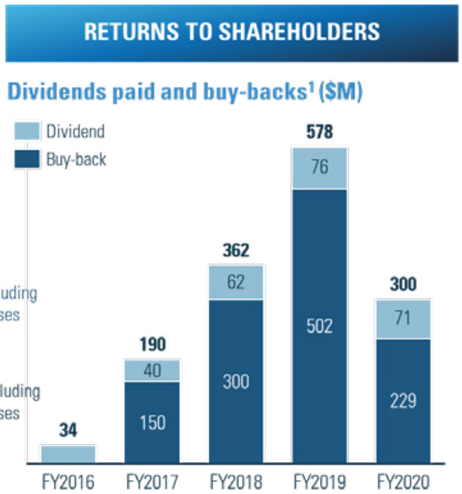
FY2020 ROIC by Segment (%)

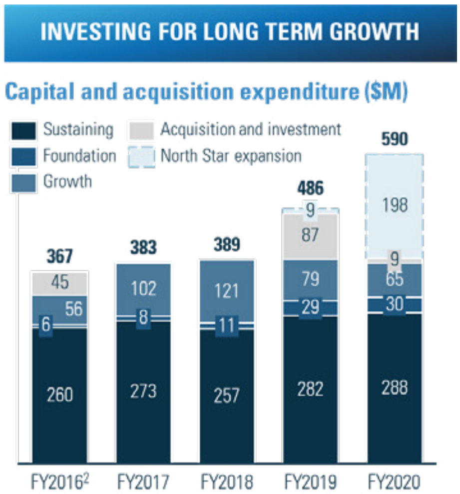


OPTIMAL CAPITAL STRUCTURE & DISCIPLINED CAPITAL ALLOCATION

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. BlueScope targets Group net debt of around $400M, including capitalised operating leases. A final dividend of 8.0 cents per share will be paid given the strength of the balance sheet and the quality of BlueScope's asset portfolio.







(1) Chart reflects half year cash settlements of shares bought back
(2) Excludes $1,008M for acquisition of remaining 50% share in North Star

The robust balance sheet position also provides significant capacity for BlueScope's FY2021 capex program. The priority focus is to execute the North Star expansion as a highly value accretive project; given the large capex program in FY2021 and uncertain market conditions, there is currently no active buy-back program.

UPDATE ON NORTH STAR EXPANSION PROJECT

- With a strong balance sheet, executing this highly value-accretive project remains a priority.
- Development was rescheduled in April to minimise near term cash spend whilst maintaining core program activities.
  - No impact to overall project budget.
  - Now targeting commissioning during the June 2022 half year; full ramp-up approximately 18 months later.
- Over the last six months:
  - maintained a strong safety performance with no lost time injuries
  - design engineering has progressed significantly
  - civil and buildings works have progressed on schedule, including the melt shop building extension and new equipment foundations
  - Expect to begin receiving key plant and equipment including melt shop in 1H FY2021.
- Total of US$133M spent to 30 June 2020; approximately US$570M remaining to be spent.

OUR PROGRESS ON SUSTAINABILITY

BlueScope continues to focus on building resilience and consolidating our ability to respond to whatever challenges the future may bring. Our progress has been gradual, but determined, and there is much to be proud of. We understand that building resilience isn't just what we do, it's who we are and how we achieve sustainable outcomes for our business, our stakeholders and the places where we operate. It permeates across our business, from the longevity and durability of our products, to our tenure in and contribution to our host communities.

This year we undertook a comprehensive review of our materiality process to understand the sustainability topics that matter most to our stakeholders. This process confirmed that the safety, health and wellbeing; climate change and energy; supply chain sustainability; diversity and inclusion; and community are front of mind for our business, our stakeholders and the places where we operate.

These topics have formed the foundation for BlueScope's sustainability reporting and the following sets out an update on our progress in each of these areas.

1. Safety, Health and Wellbeing

- The health and wellbeing focus in 2H FY2020 largely centred around the effective management of COVID-19.
- Our safety performance needs more work to reduce the lost time injury frequency rate of 1.14 and medically treated injury frequency rate of 6.7 per million hours worked, in FY2020.
- Moving indicators in FY2021 to align to evolving industry standards. Including a transition towards total recordable injury frequency rate[1], leading indicators and more holistic measures relating to severity and critical risk management.
- BlueScope is rolling out a global risk management program to enhance the health and safety capability of our people. 120 leaders were involved during FY2020, with over 500 leaders to participate in expert run workshops by the end of FY2021.
- Tragically, in May, a contractor was fatally injured while working at the berth at the Port Kembla Steelworks. The Company will learn from the findings of the investigation into this tragic accident.

2. Climate Change and Energy

- In FY2020, BlueScope continued in its pursuit of emission reduction projects in line with our 2030 climate change target, however performance was impacted by government mandated shutdowns, together with planned and unplanned outages, resulting in a 1.2% increase in emissions intensity on FY2019.
- Climate strategy was embedded into corporate strategy; established a climate change council to support its execution.
- Progressed the development of Scope 3 emissions inventory.
- Refreshing of our climate scenario analysis in FY2021 to support the development of our long-term carbon reduction aspiration.
- Actively developing BlueScope's specific long-term decarbonisation pathway via leadership and involvement in key global and regional initiatives and monitoring low and zero emissions steelmaking technology developments.

3. Supply Chain Sustainability

- Continued assessments for Priority 1 and Priority 2 suppliers – aiming to complete all by end FY2021 (approx. 220 assessments)
  - 103 assessments complete (82 in FY2020), 70 underway. Progress impacted by COVID-19.
- Piloted own-site assessments with two operational sites in higher risk locations, turning focus to improving our engagement and assessment processes, both internally and externally.
- First Modern Slavery Statement will be released later this year, to address the reporting requirements of the Australian Modern Slavery Act.

4. Inclusion and Diversity

- Continued focus on the recruitment of women into our workforce and into STEM careers. Recruitment levels in FY2020 remained consistent with this focus.
- Continuing to see the benefits of the focus on improved gender diversity – the Board now having more than 50% female representation, representation continues to grow across the organisation albeit at a slower, more sustainable rate.
- In FY2021, broadening focus with a view to building a multicultural and multigenerational workforce that is representative of the communities in which we operate.

5. Community

- We actively promote local participation and collaboration to improve and empower the lives of people working and living in our communities.
- In FY2020, in response to the devastating bushfires, BlueScope donated over $1M in Company and employee donations to the Red Cross Disaster Relief & Recovery fund.
- In the face of the COVID-19 pandemic, many parts of our businesses supported their local communities, including donations to front line services in China, masks for front line responders at North Star, hunger relief in the US, and a Ranbuild® building in Thailand to be used as a testing centre.

Consistent with our Purpose, the disclosure of our sustainability approach and performance will evolve from individual topics to the more integrated sustainability outcomes that we seek to achieve. Further details on this evolution will be disclosed in our FY2020 Sustainability Report. For more information on BlueScope's approach to and progress on sustainability, please see BlueScope's Sustainability Report, available at www.bluescope.com/sustainability.

[1] Total recordable injury frequency rate is calculated on the same basis that BlueScope calculates medically treated injury frequency rate.

GROUP FINANCIAL REVIEW

HIGHLIGHTS

Sales from continuing operations

$11,284.5M ↓ 10% on FY2019

2H result $5,423.5M, down $437.5M on 1H

Reported net profit after tax

$96.5M ↓ 91% on FY2019

2H result ($89.3M), down $275.1M on 1H

Underlying EBIT

$564.0M ↓ 58% on FY2019

2H result $261.6M, down $40.8M on 1H

ROIC

7.6% ↓ from 19.5% in FY2019

Capital management

8.0 cps final dividend (6.0cps interim)

Net cash

$79.1M ↓ from $692.7M at June 2019

($430M non-cash increase in accounting net debt due to capitalisation of operating leases under AASB 16 Leases)

FINANCIAL SUMMARY

Table 1: Financial summary

$M unless marked	FY2020	FY2019	Variance %
Sales revenue from continuing operations	11,284.5	12,532.8	(10%)
EBITDA – underlying [1]	1,098.7	1,761.4	(38%)
EBIT – reported	309.7	1,340.8	(77%)
EBIT – underlying [1]	564.0	1,348.3	(58%)
ROIC (%)	7.6%	19.5%	-11.9%
NPAT – reported	96.5	1,015.8	(91%)
NPAT – underlying [1]	353.0	966.3	(63%)
Final ordinary dividend (cents)	8.0 cps	8.0 cps	-
Reported earnings per share (cents)	19.0 cps	189.9 cps	(90%)
Underlying earnings per share (cents)	69.6 cps	180.6 cps	(61%)
Net cash / (debt) – under AASB 16	79.1	n/a	n/a
Net cash / (debt) – excluding operating leases	508.9	692.7	(27%)
Gearing (%)	N/A – net cash	N/A – net cash	-
Leverage (ND / proforma underlying EBITDA)	N/A – net cash	N/A – net cash	-

[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.

REVENUE

The 10% decrease in sales revenue from continuing operations was principally due to lower steel and export coke selling prices and lower despatch volumes, partly offset by the favourable translation impacts from a weaker Australian dollar exchange rate (A$:US$).

EARNINGS BEFORE INTEREST AND TAX

The 58% decrease in underlying EBIT reflects:

- **$674.3M spread decrease**, primarily due to:
  - lower domestic and export prices due to lower global steel prices partly offset by the favourable influence of a weaker A$:US$ ($869.9M)
  - partly offset by lower raw material costs – lower scrap and pig iron costs at North Star and lower steel feed costs at Building Products Asia & North America and Buildings North America partly offset by higher iron ore costs and lower export coke contribution at ASP ($195.6M).
- **$93.0M unfavourable movement in costs,** comprised of:
  - $96.4M cost improvement initiatives, predominantly in Building Products Asia & North America
  - $63.8M unfavourable volume impact on costs including impact of COVID-19 related government mandated plant shutdowns
  - $39.2M unfavourable impact of general cost escalation, including increases for electrode and refractories at North Star. These were partly offset by lower remuneration expense linked to financial performance of the Group
  - $38.3M lower contribution from vanadium by-product recoveries
  - $48.1M unfavourable movement in other costs, including one-off manufacturing costs, and provision and foreign exchange movements.
- **$24.8M favourable translation impact** from a weaker A$:US$ exchange rate.
- **$65.1M unfavourable impact from volume and mix** reflecting lower despatch volumes across most segments.
- **$23.3M favourable movement in other items**, primarily the favourable earnings impact of capitalising AASB 16 leases during the period.

The $1,031.1M (77%) decrease in reported EBIT reflects the movement in underlying EBIT discussed above and $246.8M favourable movement in underlying adjustments as outlined in Tables 12 and 13, including a $197.0M write-down of the carrying value of the New Zealand Steel and Pacific Islands assets (including $5M in relation to the closure of the pipe mill, $36M write-down of spares and $156M impairment of non-current assets), and $30.5M cost of curtailing the Buildings North America defined benefit pension fund.

FINANCE COSTS AND FUNDING

The $20.2M increase in reported net finance costs was largely due to an increase in lease interest expense resulting from the capitalisation of operating leases under AASB 16.

Financial liquidity was $3,093.6M at 30 June 2020 ($2,532.1M at 31 December 2019, $2,525.3M at 30 June 2019), comprised of $1,694.1M committed undrawn bank debt capacity and $1,399.5M cash. Liquidity in the NS BlueScope Coated Products JV was $613.9M, included in the Group liquidity measure.

During FY2020, BlueScope refinanced its syndicated bank debt facility – extending the two existing $400M tranches to maturities of three and four years respectively and adding a $405M two year (May 2022) tranche. The enhancements delivered a demonstrably strong liquidity buffer to withstand a wide range of economic and market scenarios.

TAX

FY2020 reported tax expense of $128.1M (FY 2019 $292.7M), decreased in line with lower profits. The effective tax rate of 51.5% was impacted by the non-tax effected $197M write-down of New Zealand Steel and Pacific Islands assets (28.8% excluding the write-down). FY2019, effective tax rate 22.8%, was favourably impacted by the utilisation of previously unbooked capital tax losses on the $73.7M profit on sale of Buildings Guangzhou, utilisation of unrecognised tax losses in New Zealand and lower rates in North America following US tax reform.

As at 30 June 2020, the BlueScope Australian consolidated tax group is estimated to have carried forward booked tax losses of approximately $1.3Bn. 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 history of taxable profits has been demonstrated. New Zealand tax losses are able to be carried forward indefinitely.

For more information on BlueScope's approach to tax transparent reporting, please see BlueScope's Tax Contribution Report, available at www.bluescope.com/investors/tax-transparency/

DIVIDEND & CAPITAL MANAGEMENT

During FY2020, BlueScope paid dividends totalling 14.0 cents per share and bought back $229M of shares on-market.

The Board of Directors has approved payment of a final dividend of 8.0 cents per share. The final dividend will be unfranked for Australian and New Zealand tax purposes and is declared to be conduit foreign income. BlueScope's dividend reinvestment plan will not be active for the final dividend.

Relevant dates for the final dividend are as follows:

- Ex-dividend share trading commences: 8 September 2020.
- Record date for dividend: 9 September 2020.
- Payment of dividend: 14 October 2020.

BlueScope's capital management policy:

- The Group will continue to seek to retain strong credit metrics, and will target around $400M net debt (including operating leases).
- 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, our current policy is to distribute at least 50% of free cash flow to shareholders in the form of consistent dividends and buy-backs, reflecting no present franking availability.

A priority focus is to execute the North Star expansion given it is highly value accretive project; given the large capex program in FY2021 and uncertain market conditions, there is currently no active buy-back program.

FINANCIAL POSITION

Net assets decreased $301.9M to $7,039.6M at 30 June 2020 from $7,341.5M at 30 June 2019. Significant movements were:

- $613.6M decrease in net cash including the impact of capitalising AASB 16 leases during the period
- $148.4M decrease in inventory driven primarily by lower unit costs and the write-down of spares as a result of the New Zealand & Pacific Islands asset write-down
- $106.4M decrease in receivables
- $391.9M decrease in payables
- $27.8M increase in property, plant and equipment, reflecting $563.3M of additions part offset by depreciation and the New Zealand Steel and Pacific Islands asset write-down.

COVID-19

The spread of the COVID-19 pandemic across the globe during 2H FY2020 was unprecedented. Ramifications for BlueScope's footprint were as follows:

- In Australia, domestic demand remained resilient. ASP was able to maintain full operations, with broad recognition of importance of the building and construction value chain.
- In North America, utilisation at North Star remained above 90%, as the impact of automaker closures was mitigated by the business's ability to pivot to other segments. A rapid industry supply response was also seen in reaction to reduced demand.
- In Asia, China saw a better than expected recovery following the COVID-19 shutdown. Whilst performance was broadly resilient across ASEAN, Malaysia was impacted by a government enforced shutdown. India was also impacted by a mandated shutdown, however made a positive contribution.
- New Zealand was impacted by the compulsory government shutdown of operations during March and April, however demand remained generally resilient through the period.

BlueScope moved rapidly to protect the health of our people and communities in the face of the pandemic, implementing comprehensive hygiene and distancing measures at all sites, and where possible, ensuring employees were working from home.

Prudent intervention was also taken to protect the business and balance sheet, with discretionary operating and capital spend paused, the North Star expansion cash spend minimised in the near-term, cancellation of the on-market buy-back, action taken to enhance BlueScope's liquidity position, and the Executive Leadership Team and executives are generally not receiving pay increases for FY2021.

BlueScope is also evolving its strategy to reflect COVID-19 induced trends, such as the localisation of supply chains, shift towards lower density residential demand, increasing alterations and additions activity and enhanced focus on e-commerce growth, including logistics and data centres.

AUSTRALIAN STEEL PRODUCTS (ASP)

ASP produces and markets a range of high value coated and painted flat steel products for Australian building and construction customers, together with providing a broader offering of commodity flat steel products. Products are sold mainly to the Australian domestic markets, with some volume exported. Key brands include zinc/aluminium alloy-coated ZINCALUME® steel and galvanised and zinc/aluminium alloy-coated pre-painted COLORBOND® steel. The segment's main manufacturing facilities are at Port Kembla (NSW) and Western Port (Victoria).

ASP also operates pipe and tube manufacturing, and a network of rollforming and distribution sites throughout Australia, acting as a major steel product supplier to the building and construction, manufacturing, transport, agriculture and mining industries.

KEY FINANCIAL & OPERATIONAL MEASURES

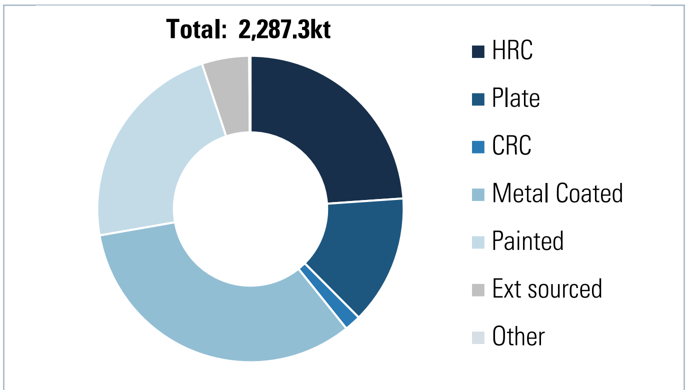
Table 2: Segment financial performance

$M	FY2020	FY2019	Var %	2H FY2020
Sales revenue	5,418.1	5,707.5	(5%)	2,726.0
Reported EBIT	305.1	527.5	(42%)	177.2
Underlying EBIT	305.1	535.4	(43%)	177.2
NOA (pre-tax)	2,626.4	2,229.9	18%	2626.4
ROIC	11.0%	20.5%	-9.5%	12.6%

Table 3: Steel sales volume

000 tonnes	FY2020	FY2019	Var %	2H FY2020
Domestic				
- ex-mill	2,168.9	2,111.4	3%	1,093.0
- ext sourced	118.4	139.4	(15%)	56.3
Export	646.5	864.9	(25%)	386.4
Total	2,933.8	3,115.7	(6%)	1,535.7

Chart 1: ASP domestic steel sales volume mix FY2020



FINANCIAL PERFORMANCE – FY2020 VS. FY2019

Sales revenue

The $289.4M decrease in sales revenue was primarily due to lower domestic and export prices driven by lower global steel prices, lower despatch volumes and lower revenue from export coke sales. These were partly offset by the favourable influence of a weaker A$:US$ exchange rate.

EBIT performance

The $230.3M decrease in underlying EBIT was largely due to:

- lower steelmaking spread with the impact of lower global steel prices combined with higher iron ore purchase costs offsetting lower scrap and coating metal purchase prices
- lower contribution from export coke

These were partly offset by:

- lower costs
- favourable earnings impact of capitalising AASB 16 leases during the period.

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

Return on invested capital

ROIC decreased to 11.0% driven by lower EBIT combined with higher net operating assets. Net operating assets at 30 June 2020 were $396.5M higher than at 30 June 2019, primarily due to recognition of right of use lease assets under AASB 16 leases, combined with lower creditors.

MARKETS AND OPERATIONS

Mill sales to domestic markets

- Domestic sales volumes increased 3% in FY2020, compared to FY2019, with 2H FY2020 improving 2% compared to 1H FY2020. The improvement was due to stronger construction segment demand, enhanced price and service offerings and a higher number of trading days in the year.
- ASP's sales into residential construction improved despite broader segment activity having moderated from peak levels in FY2019.
  - Sales volumes benefitted from targeted campaigns focussed on consumers, builders and fabricators particularly in the Sydney and Melbourne metropolitan areas.
  - Sales of TRUECORE® steel & COLORBOND® steel products increased by 10% and 3% respectively, over the year.
  - The alterations and additions subsegment, which indicatively consumes half of ASP's dwelling volumes, remained resilient, underpinned by a stable labour market, low interest rates and high property prices. In addition, during the June quarter, home-bound consumers redirected discretionary spend to home renovations.
  - Further, positive signs at the end of FY2020 were the increase in private new home sales and the announcement of various stimulus packages by the Federal and state governments – such as the HomeBuilder package.
- Sales into non-residential construction increased during FY2020 compared to FY2019.
  - Supported by record low funding costs, investment continued to remain strong across both the Commercial and Industrial, and Social and Institutional sub-sectors in particular in both Sydney and Melbourne.
  - Office building and education construction activity was strong, with contributions from investment in major prison and defence projects.
  - Sales volumes have also benefitted from increased flexibility in our service offerings.
- Sales into the engineering and mining sectors remained relatively stable during FY2020 compared with FY2019, supported by robust activity in renewables, bridges and road infrastructure, and mining consumables demand, along with the sourcing of more materials locally due to recent disruption to global supply chains as a result of COVID-19.

- Demand in the agriculture segment also remained stable. Volumes for farm storage and harvesting equipment increased across regional areas in NSW and Queensland, supported by the easing of drought conditions.
- Demand within manufacturing was generally stable with strength seen across hot water systems, strapping, tanks and warehouse racking. This segment has continued to face rising cost challenges; however, the lower Australian dollar has helped domestic manufacturers remain competitive.

Mill sales to export markets

- Despatches to export market customers in FY2020 were lower than FY2019 due predominately to higher domestic demand and lower production.
- Prices in export markets were lower in FY2020, particularly for product sold into North America given the larger fall in US benchmark steel prices relative to those of Asia. However, the fall in the A$:US$ exchange rate was supportive.

NORTH STAR BLUESCOPE STEEL

North Star is a single site electric arc furnace producer of hot rolled coil in Ohio, in the US.

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 & OPERATIONAL MEASURES

Table 4: Segment performance

$M unless marked	FY2020	FY2019	Var %	2H FY2020
Sales revenue	1,713.0	2,375.7	(28%)	847.6
Reported EBIT	187.7	654.7	(71%)	74.2
Underlying EBIT	189.6	654.7	(71%)	75.1
NOA (pre-tax)	2,059.4	1,850.2	11%	2,059.4
ROIC	9.3%	35.4%	-26.1%	7.1%
Despatches (kt)	2,043.8	2,110.4	(3%)	1,015.0

Table 5: Segment performance in US$M

US$M unless marked	FY2020	FY2019	Var %	2H FY2020
Sales revenue	1,149.1	1,700.9	(32%)	557.1
Underlying EBITDA	174.3	514.3	(66%)	72.7

FINANCIAL PERFORMANCE – FY2020 VS. FY2019

Sales revenue

The $662.7M decrease in sales revenue was primarily due to lower regional steel prices partially offset by the favourable foreign exchange translation rate impacts due to a weaker A$:US$ exchange rate.

EBIT performance

The $465.1M decrease in underlying EBIT was largely due to:

- lower steel spread, due mainly to contraction in Midwest US steel prices without corresponding decrease in raw material costs
- slightly lower despatch volumes
- partly offset by favourable foreign exchange translation rate impacts due to a weaker A$:US$ exchange rate.

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

Return on invested capital

ROIC was 9.3% driven by a softer EBIT contribution combined with higher net operating assets. Net operating assets at 30 June 2020 were $209.2M higher than at 30 June 2019 primarily due to higher fixed assets as a result of the capacity expansion project combined with the foreign exchange translation impact of a weaker A$:US$.

MARKETS AND OPERATIONS

- Despite automakers ceasing production from mid-March to mid-May, North Star was able to maintain capacity utilisation of over 90% of capacity during 2H FY2020; this followed a full utilisation rate in 1H FY2020. In all, FY2020 despatch volumes were only 3% lower than FY2019.
- Non-residential construction activity remained active throughout FY2020, despite the shutdowns experienced in 2H FY2020.
- 2H FY2020 saw idling of capacity by integrated producers across the US, in order to cope with softer demand. Steel spreads fell below the historical long-term average as the supply/demand balance fluctuated in the market.
- The business was effective in reducing controllable expenses through the pandemic despite some cost pressure due to increases in market pricing of graphite electrodes and refractories during early FY2020.
- North Star was again ranked first in overall customer satisfaction, based on June 2020 data from the Jacobson survey of steel mill customer service performance. North Star has consistently ranked first in overall customer satisfaction over the survey's history.

Capacity expansion

- The expansion will increase annual hot rolled coil production by around 850ktpa (metric). The incremental installed melt capacity of 1.4 million equivalent metric coiled tonnes allows for further potential upside over time with further debottlenecking of the hot strip mill.
- The project is expected to cost approximately US$700M and is targeting a minimum 15% IRR and 15% ROIC when fully ramped up, based on long-term historical spreads.
- With a strong balance sheet, executing this highly value-accretive project remains a strong priority.
- Development was rescheduled in April to minimise near term cash spend whilst maintaining core program activities.
  - No impact to overall project budget.
  - Now targeting commissioning during the June 2022 half year; full ramp-up approximately 18 months later.
- Over the last six months:
  - maintained a strong safety performance with no lost time injuries
  - design engineering has progressed significantly
  - civil and buildings works have progressed on schedule, including the melt shop building extension and new equipment foundations
  - equipment manufacturers continued with the preparation of key plant and shipments commence in 1H FY2021.

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 Company 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 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.

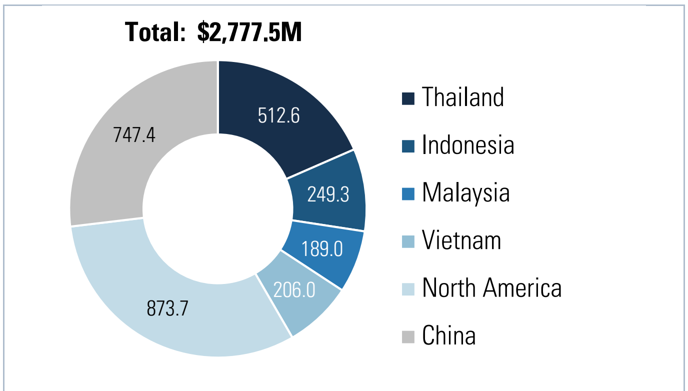
This segment also includes Building Products China, comprising metal coating, painting and Lysaght operations, and Engineered Buildings Solutions (EBS).

KEY FINANCIAL & OPERATIONAL MEASURES

Table 6: Segment performance

$M unless marked	FY2020	FY2019	Var %	2H FY2020
Sales revenue	2,777.5	2,879.4	(4%)	1,285.4
Reported EBIT	147.6	63.9	131%	68.2
Underlying EBIT	155.3	134.2	16%	75.1
NOA (pre-tax)	1,450.1	1,489.3	(3%)	1,450.1
ROIC	9.8%	8.6%	+1.2%	9.4%
Despatches (kt)	1,594.6	1,667.3	(4%)	739.5

Chart 2: Segment geographic sales revenue FY2020, $M[1]



1) Chart does not include $0.5M of eliminations (which balances back to total segment revenue of $2,777.5M). Chart also does not include India, which is equity accounted.

FINANCIAL PERFORMANCE – FY2020 VS. FY2019

Sales revenue

The $101.9M decrease in sales revenue was mainly due to lower regional steel prices impacting all countries combined with lower despatch volumes. These impacts were partly offset by favourable foreign exchange translation rate impacts (against the A$).

EBIT performance

The $21.1M increase in underlying EBIT was largely due to higher margins offsetting lower despatch volumes.

- China: despite a softer macroeconomic environment and impacts of COVID-19, the China business performed strongly overall, delivering FY2020 underlying EBIT of $51.2M, (FY2019 $50.1M including $5.8M revenue recognition adjustment). The improvement was driven by higher despatch volumes and the favourable translation impacts of a weaker A$ offsetting lower margins. The FY2020 China underlying result includes the unfavourable impact of approximately $8M of unrecovered fixed costs as a result of the Government mandated shutdown.
- ASEAN: performance improved during the year delivering underlying EBIT of $50.9M compared to $32.1M in FY2019. The improvement was driven by higher margins due to falling regional steel feed prices combined with benefits of the efficiency program. This was partly offset by lower despatch volumes due to impacts of COVID-19 (including mandated Government shutdowns), continued soft demand and strong competition. Malaysia's FY2020 underlying result includes the unfavourable impact of approximately $4M of unrecovered fixed costs as a result of the Government mandated shutdown.
- North America: FY2020 underlying EBIT of $40.2M, higher compared to $37.2M in FY2019, was favourably impacted by spread expansion on favourable inventory pricing. This was partly offset by weaker manufacturing performance during 1H FY2020, which has since been resolved.
- India: the TBSL joint venture delivered underlying EBIT of $43.3M (100% basis), compared to $53.3M in FY2019, mainly driven by lower despatch volumes. The FY2020 India underlying result includes the unfavourable impact of approximately $4M (100% basis) of unrecovered fixed costs as a result of the Government mandated shutdown.

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

Return on invested capital

ROIC increased to 9.8% driven by higher EBIT and lower net operating assets. Net operating assets at 30 June 2020 were $39.2M lower than at 30 June 2019, primarily due to lower inventories and receivables partly offset by lower payables.

MARKETS AND OPERATIONS

North America (Steelscape & ASC Profiles)

- Demand in construction markets on the West Coast of the US was stable during the year, with some softening in the June quarter due to COVID-19. Despite this, pre-existing projects and strong underlying demand delivered a slight increase in despatch volumes over FY2019 (which were negatively impacted by customer destocking in a rapidly declining price environment).
- Steelscape (coating and painting) achieved a 6% increase in FY2020, continuing to deliver on its strategy by achieving a record volume of Design Solutions sales (a specialized product range, including proprietary prints, to mimic wood and other metals).
- ASC Profiles (building components) maintained strong performance in FY2020, supported by improved margins in the decking construction segment. A project to optimise manufacturing sites is nearing completion and is expected to deliver additional productivity and cost improvements.

China

- Chinese economic activity continued to moderate during FY2020 on the back of continued global trade tensions, as well as COVID-19, particularly during the March quarter. The construction market softened driven by slower infrastructure spending, particularly across private sectors.
- Despite broader economic weakness, BlueScope China's despatch volume increased 10% through measures such as:
  - targeting higher growth end-use segments such as advanced manufacturing, distribution, healthcare and electronics, which have each demonstrated pre-COVID-19 growth rates on average twice that of GDP

– promotion of Next Generation ZINCALUME® into the China market.

- Coated China despatch volumes of 174kt compared to 189kt in FY2019; despatches were impacted in the March quarter by COVID-19 closures. A number of key external customer initiatives combined with strong demand growth from the owned downstream channel and general market recovery saw volume improvements through Q4 FY2020.
- Despatch volumes for the Buildings business via the Butler and Lysaght channels increased 16% over FY2019. The improvement followed transformation activities over the last two years and implementation of the growth strategy aimed at growing volumes in premium high-growth market segments.
- As a result of the recent business restructuring and plant rationalisations in China, the surplus Lysaght Shanghai site, including land and buildings, was sold during FY2020. The sale closed in November 2019, with net cash proceeds of approximately $11.7M and resulted in a net accounting gain on sale of $10.6M pre-tax (adjusted from underlying EBIT).

ASEAN

- We are confident in the long-term growth potential of our ASEAN businesses, which have an outstanding footprint in large and growing markets.
- The project segment was impacted by COVID-19 which continued to negatively impact despatches of premium products in 2H FY2020.
- COVID-19 subdued consumer confidence in the retail segment, and strong competition placed pressure on volumes across most countries. The business continues to grow the retail channel, whilst expanding BlueScope's distribution footprint, enhancing brand value and building customer loyalty to help offset these pressures.
- Malaysia demand and operations were impacted in Q4 FY2020 due to the Malaysian Government imposed "Movement Control Order" for two months in response to COVID-19.
- The business continues to deliver on the Ignite 5G strategy balancing short term performance, whilst investing for future growth.
  - The ASEAN-wide cost reduction and manufacturing improvement program delivered annualised run-rate benefits of $40M net of cost escalation by the end of FY2020.
  - Growth continues in the retail segment with expansion in the number of Authorised Dealers reaching 270 stores across ASEAN at end FY2020 (226 stores at end FY2019).
  - The new high-speed metal coating and inline painting line in Thailand is operating at full capacity which has improved the cost and margin position of the business, particularly products being sold into the growing retail segment.

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

- The joint venture delivered underlying EBIT of $43.3M (100% basis), compared to $53.3M in FY2019, mainly impacted by lower volumes including the impact of the COVID-19 related Government mandated shutdown from late March to early May 2020.
- Business confidence and end customer demand were dampened as economic growth slowed through FY2020. Domestic steel consumption grew by approximately 1.5%, however flat steel demand softened by around 3%.
- Revenue was 20% lower in FY2020 due mainly to lower volumes. Domestic prime coated steel sales volumes reduced by 17% compared to FY2019 with painted and bare volumes declining by 23% and 5% respectively.
- Notwithstanding these macroeconomic headwinds, TBSL continued to deliver robust returns including $17.2M underlying EBIT during 2H FY2020.
- Our joint venture partner in India, 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.
- During 1H FY2020 the Indian parliament passed rulings providing options for domestic companies to pay income tax at a lower rate, effective from 1 April 2019. The joint venture elected to enter the new lower rate regime which results in the effective tax rate falling from 35% to 25% but required the joint venture to forgo accrued minimum alternative tax (MAT) credits from prior year tax payments. The change resulted in a one-time charge to BlueScope's equity accounted share of profit of $6M recognised during 1H FY2020 (adjusted from underlying EBIT).

Table 7: India performance

$M unless marked	FY2020	FY2019	Var %	2H FY2020
Tata BlueScope Steel (100% basis)				
Sales revenue	332.9	416.9	(20%)	151.3
Underlying EBIT	43.3	53.3	(19%)	17.2
Underlying NPAT	33.3	33.4	(0%)	13.9
Despatches (kt)	206.4	248.5	(17%)	97.0
BlueScope share (50% basis)				
Underlying equity accounted profit	17.0	16.3	4%	7.1

BUILDINGS NORTH AMERICA

Buildings North America (BNA) is a leader in engineered building solutions (EBS), servicing the low-rise non-residential construction needs of customers in North America. This segment also includes the BlueScope Properties Group (BPG) which develops industrial properties, predominantly warehouses and distribution centres.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 8: Segment performance

$M unless marked	FY2020	FY2019	Var %	2H FY2020
Sales revenue	1,118.5	1,178.0	(5%)	506.7
Reported EBIT	(1.8)	53.4	(103%)	(26.2)
Underlying EBIT	37.9	53.4	(29%)	13.5
NOA (pre-tax)	554.3	548.9	1%	554.3
ROIC	6.1%	11.2%	-5.1%	4.2%
Despatches (kt)	203.0	226.5	(10%)	91.0

FINANCIAL PERFORMANCE – FY2020 VS. FY2019

Sales revenue

The $59.5M decrease in sales revenue was mainly due to lower despatch volumes partly offset by the favourable foreign exchange translation rate impacts due to the weaker A$:US$.

EBIT performance

The $15.5M decrease in underlying EBIT was primarily due to lower despatch volumes.

Underlying adjustments in reported EBIT are set out in tables 12 and 13, including $30.5M cost of curtailing the Buildings North America defined benefit pension fund.

Return on invested capital

ROIC decreased to 6.1% driven by lower EBIT.

MARKETS AND OPERATIONS

- Impacted by COVID-19 and broader economic slowing, US non-residential construction, and particularly activity in metal building markets, softened during the year, impacting BNA sales.
- A number of key initiatives are being progressed to drive improved performance and support future growth potential:
  - continued investment in capacity and to support future growth potential
  - foundational technology investment is progressing to modernise and provide a complete digital engineering and customer experience.
- Due to timing, BlueScope Properties had no major projects realised during FY2020. However, several projects are well progressed for delivery during FY2021.
- The business continues to progress an exit of the US Defined Benefit Pension plan. The FY2020 reported result includes a $30.5M curtailment loss and provision for closure costs associated with exiting the plan. It is expected that the exit process will be completed during FY2021.

NEW ZEALAND & PACIFIC ISLANDS (PREVIOUSLY NEW ZEALAND AND PACIFIC STEEL)

New Zealand & Pacific Islands consists of three business areas: New Zealand Steel; Pacific Steel; and BlueScope Pacific Islands. The segment was renamed at June 2020 to align with internal naming conventions.

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.

Supplied with billet from New Zealand Steel, Pacific Steel is the sole producer of long steel products such as rod, bar, reinforcing coil and wire in New Zealand.

KEY FINANCIAL & OPERATIONAL MEASURES

Table 9: Segment financial performance

$M	FY2020	FY2019	Var %	2H FY2020
Sales revenue	792.4	888.1	(11%)	372.1
Reported EBIT	(206.1)	80.6	(356%)	(219.0)
Underlying EBIT	(5.8)	80.6	(107%)	(18.7)
NOA (pre-tax)	(3.4)	263.7	N/A	(3.4)
ROIC	-2.0%	24.1%	-26.1%	-12.6%

Table 10: Steel sales volume

000 tonnes	FY2020	FY2019	Var %	2H FY2020
Domestic flats	252.4	273.8	(8%)	106.6
Domestic longs	156.9	187.9	(16%)	72.0
Domestic (steel)	**409.3**	**461.7**	**(11%)**	**178.6**
Export flat	179.7	144.2	25%	103.7
Export longs	11.7	1.4	736%	3.6
Export (steel)	**191.4**	**145.6**	**31%**	**107.3**

FINANCIAL PERFORMANCE – FY2020 VS. FY2019

Sales revenue

The $95.7M decrease in sales revenue was primarily due to:

- impact on trading of the mandatory Government closure as part of New Zealand's 'level four' COVID-19 measures
- lower domestic and export steel prices driven by lower global steel prices
- lower vanadium slag revenues due to lower global vanadium prices
- lower domestic despatch volumes
- partly offset by higher export despatch volumes and the favourable impact of foreign exchange translation.

EBIT performance

The $86.4M decrease in underlying EBIT was primarily due to:

- lower contribution from vanadium by-product recoveries due to lower global vanadium prices

- lower selling prices due to the unfavourable impact of lower global steel prices
- higher conversion costs including approximately $15M indicative unrecovered fixed cost impact from Government mandated closure (net of Government support). This excludes foregone variable margin on sales that may have otherwise occurred during the closure period.

Underlying adjustments in reported EBIT are set out in tables 12 and 13, including a $197.0M write-down of the New Zealand Steel and Pacific Islands assets.

Return on invested capital

ROIC decreased to -2.0% driven by lower EBIT partly offset by lower net operating assets reflecting lower inventories and the impact of the asset write-down recognised at June 2020.

MARKETS AND OPERATIONS

- New Zealand Steel and Pacific Islands were subject to mandatory Government closure as part of New Zealand's 'level four' measures to tackle COVID-19. Operations were ceased between 26 March and 27 April 2020, with production also affected during the ramp down and subsequent ramp up.

Domestic market

- FY2020 flat products volumes remained robust due to strong market conditions in the residential and non-residential building and construction segments despite the COVID-19 impact.
  - The number of new dwelling consents remain at the highest level for a number of years following their sustained period of growth.
  - Strong demand for metal coated and COLORSTEEL® products has continued.
  - Successful new product launches of COLORSTEEL® Matte and COLORSTEEL® Dridex continued to contribute to growth through FY2020.
- After a softer 1H due to weather and project delays, long products demand in 2H picked up strongly pre and post lockdown driven in main by strong Infrastructure sector demand and Government fast tracking a number of key projects.

Export market

- Some softening in selling prices across the Pacific export markets was experienced, which was also observed in exports to North America as falling US HRC prices were seen through FY2020.

Vanadium

- Sales of vanadium slag by-products are treated as a cost-offset for the New Zealand operation. The business also buys-in both ferro and nitrided vanadium as a raw material in the steelmaking process, mainly for rebar strengthening purposes.
- During FY2020, the net vanadium contribution was down approximately $32M compared to FY2019. This was due to the continued decline in vanadium index prices during the period combined with lower export volumes which were down 15% year on year.

Emissions Trading Scheme (ETS) update

- In June 2020, the New Zealand parliament passed a Climate Change Response (Emissions Trading Reform) Amendment Bill that will see emissions units (New Zealand Units or 'NZUs') that are currently granted to emissions-intensive trade-exposed industries, including New Zealand Steel, at no cost gradually withdrawn commencing in 2021, with greater reductions from 2030.
  - In passing the Bill, the Government rejected a request by New Zealand Steel that this withdrawal of allocated NZUs be explicitly linked to the level of carbon costs imposed on its international competitors. Instead, the Government included an amendment in the Bill that would allow for a slower withdrawal of allocated units on an industry-by-industry basis, but only after a recommendation by the Climate Change Commission, which would base such a recommendation on a wide range of economic and environmental factors, not just the impact of carbon costs on industry competitiveness.
  - The Government has also announced it will undertake reviews of the allocative baselines used to allocate units to industry, as well as the methodology by which units are allocated to compensate for higher electricity costs as a result of the ETS (Electricity Allocation Factor). Both of these reviews have the potential to change the allocation of units to New Zealand Steel.
  - Since 2015, when the previous Government inaugurated the review that led to the ETS amendments, the NZU price has more than quadrupled from approximately NZ$7.00 to approximately NZ$35.00. According to the World Bank, just 16 per cent of global emissions are currently priced, meaning most of New Zealand Steel's international competitors do not face any carbon costs.

Strategy Review

- The Company has now substantially progressed a strategic review of current operations and NZPI is proposing to reconfigure its business by delivering a change in product mix, cost and productivity improvements.
- The intention is to deliver an appropriate level of profitability and sustainability by making the business more fit for purpose and fit for market.
- The proposed reconfiguration could see a substantial number of roles being made redundant. The indicative cash cost to achieve is in the indicative range of $30M to $50M and would include make-good, capital and redundancies.
- While the business is confident it can deliver on this plan, in the event that the improvements are not achieved, the business may shift to external supply of products and primary steelmaking operations at Glenbrook may cease.

OUTLOOK, FUTURE PROSPECTS AND RISKS

1H FY2021 OUTLOOK

- At the beginning of 1H FY2021, lagged steel spreads in North America and Asia are lower than 2H FY2020 averages; orders and despatches in Australia remain stable and North Star is despatching near full capacity.
- There is a high level of uncertainty in the current environment given the risks of COVID-19 events which could disrupt demand, supply chains and operations, combined with broader macroeconomic weakness dampening demand.
- In light of this, BlueScope is not providing specific underlying EBIT guidance for 1H FY2021, but rather, comments on key drivers across the businesses.
- ASP:
  - Domestic despatch rate to mid-August is similar to last half.
  - Lagged benchmark spreads currently lower than last half.
  - Moderate unfavourable impact from realised spreads.
  - Expect lower contribution from export coke.
- North Star:
  - Despatch rate is currently close to full capacity with solid demand driven by the construction and auto segments.
  - Spot steel spreads are currently significantly weaker than last half.
- BP:
  - ASEAN – demand generally improving including non-repeat of hard shutdown in Malaysia.
  - North America – underlying demand remains stable at present; expect weaker margins on weaker steel prices.
  - China – continued recovery from COVID-19; benefits of seasonality.
  - India – uncertainty on COVID-19 progression.
- BNA:
  - Expect a weaker result in the core EBS business with lower volumes mainly due to COVID-19.
  - BlueScope Properties' contribution expected to be higher than last half on project timing.
- NZPI:
  - Demand is currently robust.
  - Lagged steel prices currently lower than 2H FY2020 average.
  - Similar net vanadium contribution.
  - Assumed non-repeat of hard shutdown.
  - Lower depreciation on write-down impact.
- Expect similar corporate costs reflecting constrained spend levels, similar underlying tax rate and profit attributable to non-controlling interests, and higher underlying net finance costs driven by larger commitment fees.
- Expectations are subject to spread, FX and market conditions.
- An update on trading conditions will be provided at BlueScope's Annual General Meeting on 19 November 2020.

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 2H FY2020 has created a public health emergency in much of the world, contributing to a decline in economic activity and increased uncertainty.

The initial impact and continuing implications for BlueScope, include:

- The introduction of a range of measures aimed at protecting BlueScope's workforce and onsite contractors while conducting BlueScope business, including:
  - travel restrictions and home isolation requirements for travellers returning from overseas
  - social-distancing rules
  - temperature screening at operational sites and offices
  - additional personal protective equipment (where appropriate and as directed by local government advice)
  - extra cleaning and sanitisation of high contact surfaces
  - split shifts and dividing working team
  - working from home where possible
  - expanded mental health and employee assistance programs
  - additional protection for vulnerable employees
  - regular updates to employees on the steps being taken.

  These measures have been effective to date. However, the risk of community transmission within the workplace requiring further measures, including localised site closures, continues to be a significant risk to BlueScope.

  In addition, certain work restrictions, in particular travel restrictions, could limit access by management, technical and project resources to key locations which may impede delivery of business improvement and capital development projects.
- In order to control the transmission of the virus Governments have mandated closure of certain businesses. BlueScope experienced this in H2 FY2020 at its operations in China, New Zealand, Malaysia and India. The risk of community transmission is ongoing and government mandated closures in each of the locations in which we operate, or in our supply chain, continues to be a significant risk to BlueScope.
- Demand for our product is uncertain. While customer demand was impacted to varying degrees during H2 FY2020 it has, in the main, remained resilient to date. There is the risk that a global economic downturn or regionalised downturns impacting our market sectors or customers will be deeper or more prolonged than currently forecast.
- BlueScope has significant liquidity head room and has proactively extended the size and tenor of its funding facilities during H2 FY2020. However, a deeper or more prolonged downturn than currently forecast could require access to additional sources of funding at a higher cost.

BlueScope considers a number of recognised external forecasters when assessing possible future operating and market conditions. These external forecasters expect economic activity to slow down in FY2021 and progressively recover through to FY2023 in each of the regions in which we operate (Australia, North America, Asia and New Zealand). In addition, Asian and North American commodity steel prices relative to raw material input costs, are expected to remain low during FY2021 and recover to be broadly in line with historical average levels by FY2023.

The emergence of the COVID-19 pandemic has highlighted BlueScope's exposure to several of its key risks, in particular the macroeconomic and market risk factors, together with demonstrating the resilience of its business model and the key controls the Group has in place to mitigate the effects of these risks.

Key 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, particularly China, 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. A decline in the price of steel with no corresponding decrease in the price of raw materials would have the same effect.

   A sustained decline could impact the long-term competitiveness of supply of steel from our 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 slab, 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 are offset in part by a significant amount of raw material purchases being denominated in US dollars.

   In addition, earnings from BlueScope's international businesses must be translated into Australian dollars for financial reporting purposes.

e) Competition from other materials and from other steel producers could significantly reduce market 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.

   The global steel industry is also currently characterised by significant excess capacity and the Group faces competition from imports into most of the countries in which it operates. Increases in steel imports could negatively impact demand for or pricing of the Group's products.

   An increase in trade restrictions such as tariffs or unique local standards could also disadvantage our business model, including the indirect effect of other steel producers redirecting product to markets currently supplied by BlueScope.

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.

In addition to these external macroeconomic and market factors, 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 we operate.
- Potential product performance and warranty claims.

Health, Safety, Environment & Communities:

- Failure to maintain effective occupational health and safety systems, including measures aimed at protecting our workforce and onsite contractors since the emergence of the COVID-19 pandemic.
- Unilateral government regulation of greenhouse gas emissions without sufficient measures to maintain international competitiveness could impact the viability of steelmaking in Australia and New Zealand.
- 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. Our FY2020 Sustainability Report which is expected to be released in September 2020, provides further information including disclosures against the Task force for Climate Related Financial Disclosure (TCFD) framework.

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 restrictions 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 our employees and other participants in the supply chain not complying with regulatory requirements or our ethical standards.
- Potential legal claims. As previously disclosed, the 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 within the restricted post COVID-19 work environment.
- Industrial disputes with unions that disrupt operations.

Operations:

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

Technology:

- A major disruption to our 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. A cyber event, announced to the market in May 2020, demonstrated the Group's exposure to this risk and our ability to detect, contain and respond to a cyber incident. This incident and recent announcements by the Australian Government have highlighted the increasing exposure to cyber security threats.

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 North Star.
- Significant asset write-downs, particularly if market conditions deteriorate for an extended period of time.
- Cost of securing incremental funding should it be required as a result of a deep or prolonged economic downturn.
- Substantial additional Group contributions to its employees' pension fund in New Zealand, which is currently underfunded.
- 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 our strategic objectives in the future.

Emerging risks include:

- Geopolitical tensions which could disrupt normal business operations, logistics or supply chains in the regions in which we operate.
- Longer-term social impacts of a prolonged COVID-19 pandemic on our business and the effectiveness of our employees e.g. increased prevalence of fraud, social isolation, stress and mental ill health and less opportunity for 'felt' leadership.
- Potential for breaches of compliance obligations and increasing community expectations on Australian listed companies.
- Disruptive technology advancements by our competitors.

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, 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.

AGM AND DIRECTOR NOMINATION DATE

The AGM will be held on Thursday 19 November 2020. The Company has considered the implications of COVID-19, government restrictions and prioritising the health and safety of its shareholders and employees and has determined that this year's AGM will be held online. Further details will be provided in the Notice of Meeting.

The Company also advises that the closing date for the receipt of nominations from persons wishing to be considered for election as a director at the 2020 AGM is 15 September 2020.

DETAILED EXPLANATORY TABLES

A. DETAILED INCOME STATEMENT

The BlueScope Steel Group comprises five reportable operating segments: Australian Steel Products (ASP); North Star BlueScope Steel (North Star); Building Products Asia & North America (BP); Buildings North America (BNA); and New Zealand & Pacific Islands (NZPI).

Table 11: Detailed income statement

	Revenue		Reported Result[1]		Underlying Result[2]	
$M	**FY2020**	**FY2019**	**FY2020**	**FY2019**	**FY2020**	**FY2019**
Sales revenue/EBIT[3]						
Australian Steel Products	5,418.1	5,707.5	305.1	527.5	305.1	535.4
North Star BlueScope Steel	1,713.0	2,375.7	187.7	654.7	189.6	654.7
Building Products Asia & North America	2,777.5	2,879.4	147.6	63.9	155.3	134.2
Buildings North America	1,118.5	1,178.0	(1.8)	53.4	37.9	53.4
New Zealand & Pacific Islands	792.4	888.1	(206.1)	80.6	(5.8)	80.6
Discontinued operations	-	12.8	(4.7)	(2.1)	-	-
Segment revenue/EBIT	**11,819.5**	**13,041.5**	**427.8**	**1,378.0**	**682.1**	**1,458.3**
Inter-segment eliminations	(535.0)	(495.9)	5.8	3.9	5.8	3.8
Segment external revenue/EBIT	**11,284.5**	**12,545.6**	**433.6**	**1,381.9**	**687.9**	**1,462.1**
Other revenue/(net unallocated expenses)	39.7	40.8	(123.9)	(41.1)	(123.9)	(113.8)
Total revenue/EBIT	**11,324.2**	**12,586.4**	**309.7**	**1,340.8**	**564.0**	**1,348.3**
Finance costs			(77.0)	(56.9)	(75.4)	(55.0)
Interest revenue			18.9	19.0	18.9	19.0
Profit/(loss) from ordinary activities before income tax			251.6	1,302.9	507.5	1,312.3
Income tax (expense)/benefit			(128.1)	(292.7)	(122.8)	(318.1)
Profit/(loss) from ordinary activities after income tax expense			123.5	1,010.1	384.7	994.2
Net (profit)/loss attributable to outside equity interest			(26.9)	5.7	(31.7)	(27.8)
Net profit/(loss) attributable to equity holders of BlueScope Steel Limited			**96.5**	**1,015.8**	**353.0**	**966.3**
Basic earnings per share (cents)			19.0	189.9	69.6	180.6

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 Company 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 our 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 $ [9]	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
Reported earnings	**844.4**	**1,753.8**	**309.7**	**1,340.8**	**96.5**	**1,015.8**	**0.19**	**1.90**
Underlying adjustments:								
Net losses from businesses discontinued [1]	4.7	2.1	4.7	2.1	6.4	4.1	0.01	0.01
Asset impairments [2]	197.0	63.8	197.0	63.8	197.0	33.2	0.28	0.06
Business devp. and pre-operating costs [3]	9.4	4.7	9.4	4.7	4.3	2.1	0.01	0.00
Restructure and redundancy costs [4]	17.3	18.6	17.3	18.6	11.2	9.3	0.02	0.02
Asset sales [5]	(10.6)	(81.7)	(10.6)	(81.7)	(5.8)	(74.2)	0.00	(0.14)
India write-off after tax rate change [6]	6.0	-	6.0	-	6.0	-	0.01	-
US Pension Fund [7]	30.5	-	30.5	-	23.5	-	0.05	-
Tax asset impairment / (write-back) [8]	-	-	-	-	13.9	(24.0)	0.14	(0.04)
Underlying Operational Earnings	**1,098.7**	**1,761.4**	**564.0**	**1,348.3**	**353.0**	**966.3**	**0.70**	**1.81**

1) 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). FY2019 reflects losses from the discontinued Engineered Buildings ASEAN business ($5.5M pre-tax), royalty revaluation gain ($3.3M pre-tax) and legal costs ($2.9M pre-tax) relating to the previously sold Taharoa iron sands operations, warranty provision write-back relating to the previously sold Australian water tank business ($2.8M pre-tax) and foreign exchange translation gain within the closed Lysaght Taiwan business ($0.2M pre-tax).
2) FY2020 reflects write-down of plant, equipment, right of use lease assets and spares at New Zealand Steel and Pacific Islands primarily as a result of a reassessment of sustainable 'through-the-cycle' earnings from the current business model ($197M pre-tax). The write down comprises $5M as a result of planned closure of the New Zealand Steel pipe mill, $36M write-down of spares and $156M impairment of the NZPI cash generating unit. FY2019 reflects write-down of plant and equipment at Building Products Thailand ($63.8M pre-tax), as a result of softer than expected volumes and lower margins in the project and retail segments, and slower than expected uptake in the home appliance segment.
3) 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). FY2019 reflects costs relating to the development of the cold rolling business acquired from YKGI Holdings Berhad in Malaysia ($4.7M pre-tax).
4) FY2020 reflects staff 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). FY2019 reflects staff redundancy and restructuring costs at Building Products Asia & North America ($10.8M pre-tax) and at Australian Steel Products ($7.9M pre-tax).
5) FY2020 reflects the gain on sale of the surplus Lysaght Shanghai site in China at Building Products Asia & North America ($10.6M pre-tax). FY2019 reflects the sale of Buildings Guangzhou legal entity for $73.8M pre-tax and the profit on the sale of other assets at Building Products Asia & North America ($7.9M pre-tax).
6) FY2020 reflects BlueScope's share of the one-time tax accounting adjustment relating to a tax rate change in India.
7) FY2020 reflects a provision for the cost of curtailing the Buildings North America defined benefit pension fund ($30.5M pre-tax).
8) FY2020 reflects impairment of current period tax losses in New Zealand. FY2019 reflects utilisation of carried forward tax losses against current year taxable income in New Zealand ($11.2M) and Building Products ($12.8M).
9) Earnings per share are based on the average number of shares on issue during the respective reporting periods (507.3M in FY2020 vs. 534.9M in FY2019).

Table 13: Segmental underlying EBITDA and underlying EBIT

FY2020 underlying EBIT adjustments $M	ASP	North Star	BP	BNA	NZPI	Corp	Discon Ops	Elims	Total
Net losses from businesses discontinued	-	-	-	-	-	-	4.7	-	4.7
Asset impairments	-	-	-	-	197.0	-	-	-	197.0
Business devp. and pre-operating costs	-	1.9	7.5	-	-	-	-	-	9.4
Restructure and redundancy costs	-	-	4.8	9.3	3.3	-	-	-	17.3
Asset sales	-	-	(10.6)	-	-	-	-	-	(10.6)
US Pension Fund	-	-	-	30.5	-	-	-	-	30.5
India write-off after tax rate change	-	-	6.0		-	-	-	-	6.0
Underlying Adjustments	-	**1.9**	**7.7**	**39.8**	**200.3**	-	**4.7**	-	**254.3**

C. CASH FLOW STATEMENT

Table 14: Consolidated cash flow statement

$M	FY2020	FY2019	Variance %
Reported EBITDA	**844.4**	**1,753.8**	**(52%)**
Add cash/(deduct non-cash) items			
- Share of profits from associates and joint venture partnership not received as dividends	(2.6)	(14.3)	82%
- Expensing of share-based employee benefits	14.0	12.9	9%
- Asset write-downs	197.7	65.8	200%
- Exchange reserve transferred to the P&L	(0.0)	(7.3)	100%
- Net (gain) loss on sale of assets	(2.4)	(79.1)	97%
Cash EBITDA	**1,051.1**	**1,731.8**	**(39%)**
Changes in working capital	(100.8)	179.4	(156%)
Gross operating cash flow	**950.3**	**1,911.2**	**(50%)**
Finance costs	(79.1)	(56.5)	(40%)
Interest received	20.7	17.1	21%
Tax received / (paid)[1]	(74.0)	(189.5)	61%
Net cash from operating activities	**817.9**	**1,682.3**	**(51%)**
Capex: payments for P, P & E and intangibles	(579.8)	(378.2)	(53%)
Other investing cash flows	9.5	(9.9)	195%
Net cash flow before financing	**247.6**	**1,294.1**	**(81%)**
Equity issues / (buy-backs)	(228.5)	(502.0)	54%
Dividends to non-controlling interests [2]	(12.2)	(43.4)	72%
Dividends to BlueScope Steel Limited shareholders	(71.5)	(75.8)	6%
Net drawing / (repayment) of borrowings	(63.6)	30.5	(308%)
Net drawing / (repayment) of leases	(104.7)	(11.6)	(800%)
Other	(3.3)	(3.6)	8%
Net increase/(decrease) in cash held	**(236.2)**	**688.1**	**(134%)**

1) The BlueScope Steel Australian tax consolidated group is estimated to have carry forward tax losses, as at 30 June 2020, of approximately $1.3Bn. 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.

ABBREVIATIONS

1H	Six months ended 31 December in the relevant financial year
1H FY2019	Six months ended 31 December 2018
1H FY2020	Six months ended 31 December 2019
1H FY2021	Six months ended 31 December 2020
2H	Six months ended 30 June in the relevant financial year
2H FY2019	Six months ending 30 June 2019
2H FY2020	Six months ending 30 June 2020
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)
DPS	Dividend per share
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBS	Engineered building solutions, a key product offering of the Buildings North America and Building Products segments
EPS	Earnings per share
ETS	Emissions trading scheme
FY2019	12 months ending 30 June 2019
FY2020	12 months ending 30 June 2020
FY2021	12 months ending 30 June 2021
Gearing ratio	Net debt divided by the sum of net debt and equity
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
MCL	Metal coating line
Net debt, or ND	Gross debt less cash
n/m	Not meaningful
NOA	Net operating assets pre-tax
North Star	North Star BlueScope Steel
NPAT	Net profit after tax
NSC	Nippon Steel Corporation
NZD	New Zealand dollar
NZPI	New Zealand & Pacific Islands segment
ROIC	Return on invested capital (or ROIC), being underlying EBIT over average monthly capital employed
STEM	Science, Technology, Engineering and Mathematics
TBSL	Tata BlueScope Steel
US	United States of America
US$	United States dollar

BOARD COMPOSITION

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

John Andrew Bevan (Chairman)	
Penelope Bingham-Hall	
Ewen Graham Wolseley Crouch AM	
Lloyd Hartley Jones	Retired 21 November 2019
Rebecca Patricia Dee-Bradbury	
Jennifer Margaret Lambert	
Mark Royce Vassella	
Richard Mark Hutchinson	
Kathleen Marie Conlon	Appointed 1 February 2020

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 63, 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 57, 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 60, 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).

Ms Bingham-Hall is a director of Dexus Property Group, Fortescue Metals Group Ltd, Macquarie Specialised Asset Management, Crescent Foundation and Supply Nation and is a former director of Australia Post, The Global Foundation and the Port Authority of NSW. She is a director of Taronga Conservation Society Australia and has previously held non-executive directorships with other industry and community organisations, including the Tourism & Transport Forum, Infrastructure Partnerships Australia and as the inaugural Chairman of Advocacy Services Australia. Ms Bingham-Hall is Chair of 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 Chair of the Remuneration and Organisation Committee and 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 64, 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 52, 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 an inaugural Member of the Business Advisory Board for the Monash Business School, 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. Ms Dee-Bradbury brings to the Board significant experience in strategic brand marketing, customer relationship management and innovation.

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

Jennifer Lambert, Non-executive Director (Independent)
Age 53, 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)

Ms Lambert is a non-executive director of Mission Australia and NEXTDC Limited, where she is Chair of the Audit Committee. 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.

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 60, 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 the Company 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 Remuneration & Organisation Committee, the Risk & Sustainability Committee and the Nomination Committee.

Kathleen Conlon, Non-executive Director (Independent)
Age 56, BA (Econ)(DIST), MBA, FAICD
Director since: February 2020
Directorships of other Australian listed entities in the past three years: REA Group Limited, Aristocrat Leisure Limited, Lynas Corporation Limited

Ms Conlon is a non-executive director of REA Group Limited, Aristocrat Leisure Limited, Lynas Corporation 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 Audit Committee, the Remuneration & Organisation Committee, the Health, Safety & Environment Committee and the Nomination 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	55,326	-
M R Vassella	878,050	454,099
P Bingham-Hall	57,834	-
E G W Crouch	32,500	-

Director	Ordinary shares	Share rights
R P Dee-Bradbury	27,300	-
J M Lambert	14,300	-
R M Hutchinson	11,720	-
K M Conlon	10,208	-

MEETINGS OF DIRECTORS

Attendance of the Directors at Board and Board Committee meetings from 1 July 2019 to 30 June 2020 is as follows:

	Board meetings		Audit Committee		Remuneration & Organisation Committee		Health, Safety & Environment Committee	
	A	B	A	B	A	B	A	B
J A Bevan	17	17	-	5[2]	5	5	4	4
M R Vassella	17	17	-	5[1]	-	5[1]	4	4
P Bingham-Hall	17	17	-	-	5	5	4	4
E G W Crouch	17	17	5	5	-	-	4	4
L H Jones	5	5	3	3	-	-	2	2
R P Dee-Bradbury	17	16	5	5	5	5	4	3
J M Lambert	17	17	5	5	-	-	4	4
R M Hutchinson	17	17	-	-	5	5	4	4
K M Conlon	10	9	1	2[3]	1	1	2	2

	Nomination Committee		Risk & Sustainability Committee		Annual General Meeting	
	A	B	A	B	A	B
J A Bevan	7	7	-	5[2]	1	1
M R Vassella	-	7[1]	-	5[1]	1	1
P Bingham-Hall	7	7	5	5	1	1
E G W Crouch	7	7	5	5	1	1
L H Jones	3	3	-	-	1	1
R P Dee-Bradbury	7	6	-	-	1	1
J M Lambert	7	7	5	5	1	1
R M Hutchinson	7	7	5	5	1	1
K M Conlon	4	3	-	-	-	-

With the exception of Mr Jones and Ms Conlon, all current Directors have held office for the entire year ended 30 June 2020.

A = Number of meetings held in the period 1 July 2019 to 30 June 2020 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 2019 to 30 June 2020.

(1) The Managing Director and Chief Executive Officer is not a Committee member and attends by invitation as required.
(2) The Director is not a Committee member and attended pursuant to their standing invitation.
(3) At the time of the meeting, Ms Conlon was not a member of the Audit Committee but attended pursuant to her standing invitation.

Directors meet regularly in the absence of management.

REMUNERATION REPORT (AUDITED)

In FY2020 we delivered a solid performance despite declining steel spreads and the significant challenges of the COVID-19 pandemic including government mandated closures. Under the leadership of our MD & CEO, Mark Vassella, and the Executive Leadership Team, BlueScope responded quickly to the impact of COVID-19 and prioritised the health and safety of our employees, contractors, suppliers, customers and local communities.

This year, more than ever, the Board carefully reviewed the overall performance of the Company across financial, safety, sustainability, customer, people and culture measures in considering incentive outcomes. Given the performance of our team and the business, we have decided not to make any discretionary adjustments to executive reward outcomes for FY2020. Our remuneration framework has been specifically designed to deliver Executive rewards that align with the shareholder experience through the cycle, and the outcomes this year demonstrate that.

Dear fellow shareholder,

On behalf of the Directors of BlueScope Steel Limited, I am pleased to present our Remuneration Report for FY2020.

BlueScope has shown once again the resilience in its earnings, the quality of its cash flow and the strength of the balance sheet in the face of weakening industry steel margins and the COVID-19 pandemic that emerged in the second half of FY2020. The Board is particularly pleased with the way the Executive Leadership Team responded to the impact of the pandemic, maintaining the personal health and safety of our employees, contractors, customers and our local communities. Prudent intervention was taken to protect the balance sheet with discretionary spend paused, the North Star expansion cash spend minimised in the near-term, the on-market buy-back cancelled and financial liquidity enhanced – leaving BlueScope well placed for a post-COVID-19 economic recovery.

The Company delivered underlying earnings before interest and tax (EBIT) of $564 million and a return on invested capital (ROIC) of 7.6 per cent. We also delivered an outstanding cash result, with Free Cash Flow for the year of $412 million (excluding capital associated with the North Star expansion) exceeding stretch targets even after taking into account the deliberate reduction in capital expenditure.

FY2020 PERFORMANCE & REWARD OUTCOMES

Awards under the Short Term Incentive (STI) plan reflected the overall performance of BlueScope for the year. ROIC performance was slightly below the target set by the Board but the Free Cash Flow result was well above stretch.

This year our performance against key safety metrics has continued to plateau. Tragically, there was a contractor fatality at our Port Kembla operation during the year and combined with our Lost Time Injury Frequency Rate (LTIFR) above one, the gateway condition for safety under the STI was not achieved. In FY2021, we will review the indicators used to measure our safety performance, with a view to transitioning towards leading indicators and more holistic measures relating to severity of injuries and critical risk management.

The STI awarded to the Managing Director and Chief Executive Officer (MD & CEO) was 75 per cent of maximum, and for other executive Key Management Personnel (KMP) awards ranged from 50 to 86 per cent of maximum, reflecting the range of performance in our different businesses. The Board is satisfied that these outcomes appropriately reflect Group, business and individual performance, and has not made any discretionary adjustments. The MD & CEO again elected to take all his STI in equity for FY2020, providing additional alignment with shareholders throughout the year.

Following the release of last year's Remuneration Report, the portion of the FY2017 Long Term Incentive (LTI) subject to the relative Total Shareholder Return hurdle was tested for vesting and vested in full.

The FY2018 Alignment Rights, the first LTI grant under our current remuneration framework will vest in full as both performance conditions have been achieved reflecting strong ROIC performance across the three-year performance period and prudent debt management.

HEALTH AND SAFETY

The second half of FY2020 was dominated by management of COVID-19 to safeguard the health and welfare of our employees across our operations. Travel restrictions were introduced in advance of government mandated shutdowns and we enforced additional access and hygiene measures on our manufacturing sites to keep our employees safe. Remote work arrangements were introduced for many of our people and multiple response and recovery teams worked together to share learnings and advice. The Board and Executive Leadership Team received regular external medical advice and we supported our employees through enhanced communication and our Employee Assistance Program.

The fatality of a contractor at Port Kembla Steelworks during the year was a stark reminder that we can never take safety for granted. Teams across our global business, particularly Australian Steel Products, have since sought opportunities to further improve controls for some of our critical risks. FY2021 will continue to challenge us with COVID-19 management prevailing at many sites, and we will maintain our focus on the health and wellbeing of our employees.

REMUNERATION FRAMEWORK OVERVIEW

Our remuneration framework is designed to maintain a deliberate and continued focus by Executives on financial fundamentals and provide more value to Executives at less cost to shareholders. The key features of the remuneration framework are:

- The quantum of Total Reward is set with reference to our market peers, with fixed pay set at, or slightly above, the median and STI set lower than our peers with challenging annual performance targets.
- The LTI component is also set low relative to our market peers, reflecting the increased likelihood of equity vesting as a result of performance hurdles set at a threshold level that, if achieved over the cycle, will generate good returns for shareholders.
- The structure drives executive and shareholder alignment through equity ownership, both through the design of the Alignment Rights and above market minimum shareholding requirements for Executive KMP. Almost all Executive KMP hold shares in excess of their minimum shareholding requirement.

This year we have included a table showing realised pay for Executive KMP, to demonstrate the value of all remuneration elements earned during the financial year or vested at the end of FY2020, in a way that is easier to understand than the statutory tables. This table is shown in Section 5.2 and we hope it provides clarity on the value of remuneration delivered including share price changes through the period.

CHANGES TO REMUNERATION FRAMEWORK IN FY2021

As noted above, our remuneration framework has been designed to deliver aligned outcomes regardless of where we are in the cycle, so no significant changes are proposed to the framework. However, the uncertainty facing many of the markets we operate in makes it challenging to set targets for the year ahead. The Board has therefore decided to set financial targets for the first half of the year now, with targets for the second half of the year to be set in February 2021. The overall outcome of the balanced scorecard will be assessed at the end of the financial year and we will continue to be as clear and transparent as possible about our approach to setting targets and the application of any discretion in our STI awards.

There will be 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 to ensure appropriate relativity to the market for this role.

GOVERNANCE, RISK & CULTURE

Our Bond is our commitment to operating in an ethical, fair and transparent manner with high governance standards. The Board, through the Remuneration and Organisation Committee (ROC or Committee) takes care to ensure that our remuneration programs are working as intended through 'deep dives' on their effectiveness. More details on these reviews are in Section 3.2.

We have clear and consistent policies in place for identifying and managing misconduct and we review these regularly to ensure that they remain appropriate for our business. Our remuneration framework supports this by ensuring that Alignment Rights can only vest when executives conduct themselves in accordance with Our Bond, with individual assessments made by the ROC each year. The Board retains discretion to limit, defer or cancel any awards granted under the STI or Alignment Rights plans. No discretion was applied in this year.

We remain committed to ensuring that our workplaces are safe and inclusive. And, whilst we continue to focus on gender diversity, we are also working to improve overall diversity across a range of measures that will enhance the inclusiveness of our workplaces.

In July 2020, the Board approved the introduction of a Non-Executive Director Fee Sacrifice Plan to enhance directors' ability to build their shareholding in the Company and align more closely to shareholders. The plan will come into effect from 1 October 2020.

I trust that this Report clearly outlines the links between our strategy, performance and executive remuneration outcomes. We welcome your feedback on our remuneration practices and disclosures and look forward to your continued support at our Annual General Meeting in November.

Penny Bingham-Hall.

Penny Bingham-Hall

Chair of the Remuneration and Organisation Committee

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 2020. 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 who have the authority and responsibility for planning, directing and controlling the activities of the Group.

KEY MANAGEMENT PERSONNEL

The following people were KMP for the full FY2020 reporting period except where otherwise indicated.

Name	Position
Senior Executives	
Mark Vassella	Managing Director & Chief Executive Officer
Tania Archibald	Chief Financial Officer
Charlie Elias[1]	Chief Executive, NS BlueScope
Pat Finan[2]	Chief Executive, Hot Rolled Products
Alec Highnam[3]	Chief Executive, BlueScope Buildings
John Nowlan	Chief Executive, Australian Steel Products
Gretta Stephens	Chief Executive, New Zealand and Pacific Islands
Non-executive Directors	
John Bevan	Chairman of the Board
Penny Bingham-Hall	Non-Executive Director
Kathleen Conlon[4]	Non-Executive Director
Ewen Crouch AM	Non-Executive Director
Rebecca Dee-Bradbury	Non-Executive Director
Mark Hutchinson	Non-Executive Director
Lloyd Jones[5]	Non-Executive Director
Jennifer Lambert	Non-Executive Director

1) C Elias stepped down from his position of Chief Executive NS BlueScope and ceased employment on 3 July 2020.
2) P Finan was appointed to the role of Chief Executive, Hot Rolled Products on 19 August 2019, previously from the role Chief Executive, BlueScope Buildings.
3) A Highnam was appointed to the role of Chief Executive, BlueScope Buildings on 19 August 2019.
4) K Conlon was appointed a Non-Executive Director of the Company on 1 February 2020.
5) L Jones ceased being a Non-Executive Director of the Company on 21 November 2019.

REMUNERATION REPORT SNAPSHOT

OBJECTIVE AND GUIDING PRINCIPLES

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 can be easily explained

REMUNERATION FRAMEWORK

The Company's remuneration framework is designed to align executive and shareholder outcomes through executive share ownership and reward the delivery of sustainable profitability across the cycle. The overall quantum of Total Reward is set conservatively against our market peers, with fixed pay set slightly above the median and variable reward targets set below the median.

	PURPOSE & PHILOSOPHY	REMUNERATION STRATEGY/ PERFORMANCE LINK	PERFORMANCE MEASURES
FIXED PAY Salary and other benefits (including statutory superannuation) See Section 2.2 for changes to fixed pay in FY2020	▪ Set slightly above the median of peer group ▪ Set to attract and retain experienced and capable leaders	▪ Rewards sustained performance in role	**Considerations:** ▪ Skills, experience, accountability ▪ Role and responsibility ▪ Market benchmarking slightly above peer group median
SHORT TERM INCENTIVE Annual incentive opportunity delivered in cash, equity or a mixture of both (as elected by each executive) See Section 2.3 for FY2020 STI outcomes	▪ Target and maximum set below median of peer group ▪ Drive and reward the achievement of challenging annual performance targets	▪ Significant proportion of outcomes are subject to the achievement of financial targets ▪ Threshold, target and stretch levels for each measure are set by the Board to ensure that they are challenging and meaningful ▪ Board discretion to adjust outcomes up or down to ensure that individual outcomes are appropriate	**Financial Performance (50% of total):** ▪ Group and business unit underlying Return on Invested Capital (2/3) ▪ Cash flow from operations (1/3) **Zero Harm (5% of total):** Gateway of no fatalities and LTIFR <1 ▪ Maximum Medically Treated Injury Frequency Rate (MTIFR) target **Strategic objectives (45% of total):** ▪ Measures based on the execution and implementation of strategic business priorities
ALIGNMENT RIGHTS Three year incentive opportunity delivered through share rights, with vesting dependent on achievement of threshold measures See Section 2.4 for LTI vesting in FY2020	▪ Set below median of peer group ▪ Achieve shareholder alignment through equity ownership by executives, expected to vest regularly ▪ Incentivise executives to behave as owners of the business, providing optimum shareholder alignment	▪ Awards vest on achievement of hurdles that are set at a threshold level ▪ The measures are set to ensure the Group is well placed to weather downturns in the cycle	**Gateway Condition:** ▪ Adherence to company values **Vesting Conditions:** ▪ Minimum 10% rolling three year average underlying ROIC ▪ Average debt leverage of Net Debt to EBITDA ratio of <1.0x over three years

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 executives and shareholders.

MINIMUM SHAREHOLDING REQUIREMENT

Non-executive Directors: 100% of base fees | MD & CEO: 200% of fixed pay | Executive KMP: 100% of fixed pay

REMUNERATION REPORT SNAPSHOT

FY2020 STI OUTCOMES

Underlying ROIC

- Underlying ROIC was 7.6%, which was slightly above the threshold set by the Board.

Free Cash Flow

- The performance against the free cash flow target was above stretch for the year.

Safety

- Neither the gateway or the MTIFR targets were met this year and accordingly, no STI was awarded for this measure.

Business Unit Financials

- Business Unit financial measures ranged from below threshold to close to stretch.

Strategic Objectives

- Individual strategic objectives for Executive KMP ranged from threshold to above target.

FY2019 LTI OUTCOMES

- The FY2017 LTI vested in full following the release of the FY2019 Remuneration Report.
- The FY2018 LTI met threshold performance hurdles and will vest in full following the release of the FY2020 Remuneration Report.

Plan	Performance Measure	Result	Proportion of award vested / to vest
FY2017	CAGR EPS at 15% or higher	62%	100% vested in September 2019
	Relative TSR against the ASX 100	97.75th percentile	
FY2018	3 year average ROIC at 10% or higher	15.7%	100% will vest in September 2020.
	Average net debt to EBITDA ratio of <1.0x over 3 years	(0.06)x	

PAY MIX

1. BUSINESS PERFORMANCE

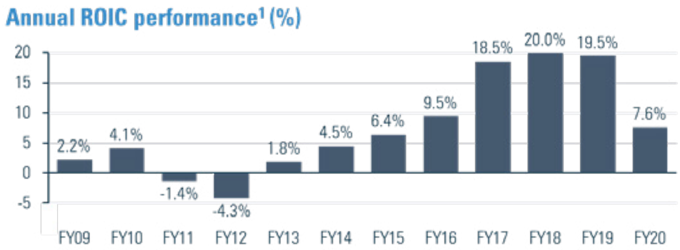
Guided by our clear and sustainable strategy, and our financial framework, in FY2020 BlueScope delivered a resilient performance in the face of weaker steel spreads and the impact of the COVID-19 pandemic. Sales volume in key markets such as Australia and for North Star remained strong, and with robust cash flow, the balance sheet at 30 June 2020 was in excellent condition with net cash of $79 million. The Company is well placed to continue to invest for growth through the key North Star expansion project. Achievements for the year are set out below.

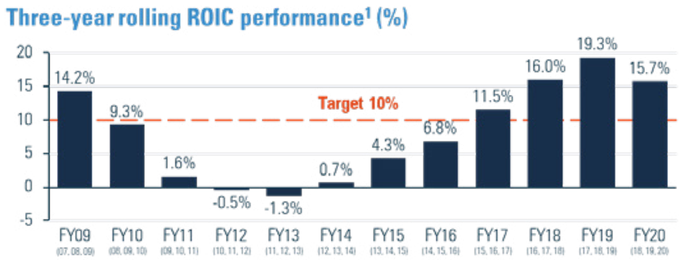
FY2020 GROUP FINANCIAL PERFORMANCE

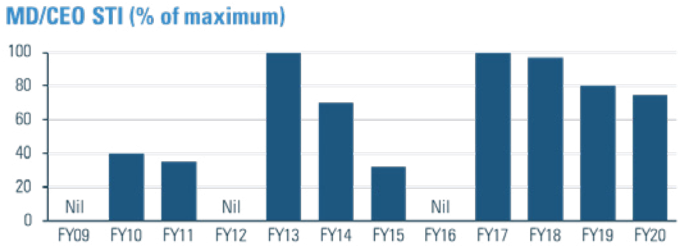
UNDERLYING EBIT	UNDERLYING EBIT RETURN ON INVESTED CAPITAL	REPORTED NPAT	FREE CASH FLOW (Operating cash flow less capex)	NET CASH
$564M	7.6%	$97M (Underlying NPAT $353M)	$412M (excluding North Star expansion)	$79M (includes $430M operating leases)
Down $784M on FY2019 2H underlying EBIT $262M	Down from 19.5% in FY2019	Down $919M on FY2019	Down $901M on FY2019	Improved from $47M net debt at 31 Dec 2019

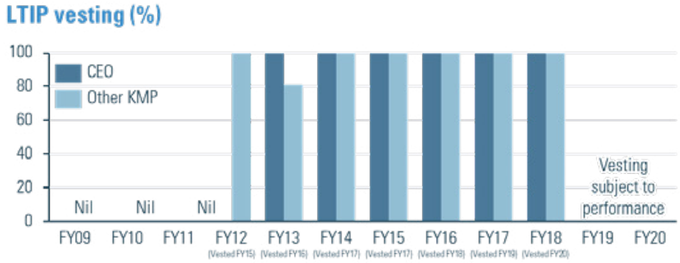
HISTORICAL COMPANY PERFORMANCE AND REWARD OUTCOMES

The Company's incentive awards are designed to align Executive remuneration with business performance. The charts below outline annual and three-year rolling ROIC along with STI and LTI outcomes for the MD & CEO (P O'Malley for FY2009 – FY2017 and M Vassella for FY2018 – FY2020) for the corresponding period.









(1) Underlying EBIT return on invested capital

The table below summarises the Company's performance for FY2020 and the previous four years.

	FY2016	FY2017	FY2018	FY2019	FY2020
Underlying NPAT ($M)	307	652	826	966	353
Underlying EBIT ($M)	582	1,105	1,269	1,348	564
Share price at end of period ($)	6.37	13.21	17.26	12.05	11.69
Dividend per Ordinary Share (cents)	6	9	14	14	14
Buybacks ($M)	-	150	300	510	229
Reported Earnings per Share (cents)	62.1	125.3	281.8	189.9	19.0
Total Shareholder Return (%)	116%	108%	32%	(29%)	(2%)

2. PERFORMANCE AND REWARD OUTCOMES

BlueScope's remuneration framework has been deliberately designed to deliver outcomes aligned with shareholder experience throughout the cycle. While consideration has been given to the impact of COVID-19 on our remuneration programs, no significant adjustments or changes have been required as the mechanisms for ensuring alignment are already in place and are working as intended.

EXECUTIVE LEADERSHIP TEAM

Appointment of Chief Executive Hot Rolled Products North America	Mr Pat Finan was appointed to the role of Chief Executive Hot Rolled Products North America effective 19 August 2019. As disclosed in the FY2019 Remuneration Report, specific incentive arrangements, linked to the delivery of key project milestones and aligned with the competitive US market, were developed for this role. These include the following additional remuneration components: ▪ Project Bonus: 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; ▪ Project Equity: a one-off grant of share rights worth USD 600,000 at grant. The share rights will vest at the end of FY2022 if Mr Finan meets the employment service condition. Consistent with other equity awards made to KMP, the share rights are subject to the same clawback provision as the Long Term Incentive Plan. The performance hurdles under the Project Bonus, and the timing of vesting for the Project Equity may be adjusted to align with the revised timetable for the North Star expansion. There was no increase to Mr Finan's fixed remuneration as a result of this change in role.
Appointment of Chief Executive BlueScope Buildings	Mr Alec Highnam was appointed to the role of Chief Executive, BlueScope Buildings effective 19 August 2019.
Former Chief Executive NS BlueScope	After more than 12 years of service as a valued member of the Executive Leadership Team (ELT), Mr Charlie Elias decided to leave BlueScope and ceased employment on 3 July 2020. A global search for his replacement is underway and a further announcement will be made in due course. Mr Elias' unvested share rights granted under the FY2018, FY2019 and FY2020 LTI Plans will remain and will be subject to the relevant performance hurdles before any vesting occurs. Rights under the FY2020 LTI Plan have been pro-rated to reflect the proportion of the performance period worked. No additional termination benefits have been provided to Mr Elias on cessation of his employment.

2.1 BOARD OVERSIGHT OF REMUNERATION OUTCOMES

The Board, through the ROC, reviews the outcomes of all reward programs and determined in FY2020 not to apply discretion to adjust the outcomes, or to apply malus/clawback to any vested or unvested awards.

2.2 FIXED PAY ADJUSTMENTS

No increase has been made to fixed pay for the MD & CEO since his appointment on 1 January 2018.

Upwards adjustments to fixed pay were made for Ms Archibald and Ms Stephens in September 2019 to reflect the external market positioning and their sustained high performance. An adjustment was also made to fixed pay for Mr Highnam in September 2019 on his appointment to the role of Chief Executive BlueScope Buildings and reflecting the market rate for this role.

Along with many other organisations, the Board considered whether downward adjustments for Executives should be made, as a result of COVID-19 and the associated economic downturn. We were fortunate that although operations were shut down at several of our sites, we were able to manage this without reducing pay or standing down employees beyond the usual seasonal reductions. In most cases, employees at operations subject to government-mandated shutdowns continued to receive their full pay and entitlements throughout the shut down period. The Company did not access the Job Keeper Payment scheme in Australia on behalf of any of our employees. Accordingly, no downward adjustments were made to fixed pay for Executives.

2.3 SHORT TERM INCENTIVE (STI) OUTCOMES

The STI plan is designed such that a proportion of Executives' remuneration is at risk, to be delivered based on the achievement of performance measures linked to annual business objectives. The 'STI scorecard' outlines the weighting and results of each of the STI performance measures that were set by the Board at the beginning of the financial year. Performance for each measure is assessed on a range from threshold, being the minimum acceptable level of performance for which an award can be made, to stretch, being the level at which outstanding performance justifies the maximum STI to be paid. In FY2020 the MD & CEO and Chief Executive Australian Steel Products elected for 100 per cent of their STI payment to be delivered in equity. The Chief Executive New Zealand and Pacific Islands elected to take 50 per cent of her STI payment in equity.

In FY2020, the Board set strategic objectives in the STI scorecard for the MD & CEO based on the key organisational priorities for the year. Sustainability remains a critical focus and is reflected in objectives related to the Australia and New Zealand sustainability plan, as well as a challenging emissions reduction target. Employee engagement and capability remained critically important in FY2020, along with the execution of strategic projects and our growth plan.

Following the end of FY2020 and with consideration to the current environment and market conditions the Board, through the ROC, reviewed the FY2020 STI outcomes and determined not to make any discretionary adjustments. The STI plan has in-built mechanisms that prevent the awarding of stretch outcomes on non-financial measures where the financial outcomes are below the pre-determined threshold. In FY2020, the BlueScope financial outcomes were above threshold, performance against the non-financial objectives ranged from threshold to stretch and the total outcomes are aligned with business performance for the year, and with the annual incentive outcomes awarded to our wider employee population.

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

The annual assessment of performance includes both consideration of what is achieved and how it is achieved, by assessing each Executive's behaviour against the expectations outlined in Our Bond. 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 FY2020.

MD & CEO FY2020 STI SCORECARD

Measures	Target Weighting (range of outcomes)	Actual Outcome	Outcomes
BlueScope Financials			
Underlying ROIC	35% (0 - 70%)	27%	• Underlying ROIC of 7.6% was between threshold and target levels, and represents a strong performance in the first half, and better than expected results in the second half.
Free Cash Flow	15% (0 – 30%)	30%	• Free cash flow was $412M, well above the stretch performance level set by the Board.
Safety			
MTIFR per million hours worked	5% (0 – 10%)	0%	• LTIFR was 1.14 per million hours worked, so the gateway condition was not achieved. • MTIFR was 6.7, below the threshold set by the Board. • No STI was awarded in respect of the Safety component.
Strategic objectives	45% (0 – 90%)		
Sustainability agenda including a reduction in emissions intensity		55%	• ON TARGET: Despite not achieving the emissions intensity target, good progress was made on plans to reduce carbon intensity and deliver innovative, sustainable products to our customers.
Execution of strategic projects and pursual of growth opportunities			• ON TARGET: Disruptions to North Star expansion well managed and growth opportunities on track.
Leadership, employee engagement and organisational capability			• ABOVE TARGET: Outstanding leadership throughout the year with good progress on building capability across the business.
Total	**100% (0 – 150%)**	**112%**	

The performance against the FY2020 STI objectives resulted in the individual awards for Executive KMP shown below.

KMP	% of maximum STI achieved	Value of cash STI ($)	Value of equity STI ($)[1]	STI forfeited % of maximum	Award as % of Fixed Pay
M Vassella	75	-	1,106,958	25	50
T Archibald	83	414,381	-	17	44
C Elias	74	444,793	-	26	39
P Finan[2]	77	597,771	-	23	61
A Highnam	50	192,485	-	50	26
J Nowlan	86	-	502,638	14	45
G Stephens	56	96,966	120,021	44	29

1) The equity STI is granted in rights at the commencement 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 $14.79 determined in accordance with AASB 2 Share Based Payments multiplied by the number of instruments that will vest.
2) P Finan received an award under the FY2020 BlueScope Short Term Incentive Plan and a Project Incentive for the period 1 Jul – 31 December 2019 linked to the achievement of key milestones for the North Star expansion project.

2.4 LONG TERM INCENTIVE (LTI) OUTCOMES

Following the release of the FY2019 Remuneration Report, the portion of the FY2017 LTI subject to the relative TSR hurdle was tested for vesting and vested in full. The FY2017 LTI is the final grant under the previous remuneration framework that was granted to Executive KMP at the same time as the FY2016 award and was designed to focus Executives on delivering turnarounds in underperforming businesses.

The FY2018 LTI, the first grant under the revised remuneration framework, is subject to two performance conditions and as both have been achieved, the FY2018 LTI will vest in full.

Outcomes for the LTI plans granted to KMP tested during the year are shown in the table below. Individual LTI awards are also subject to an assessment of adherence to Our Bond across the performance period. All Executive KMP demonstrated adherence to Our Bond.

Plan	Performance Measure	Result	Proportion of total award vested / to vest	Commentary
FY2017	CAGR EPS at 15% or higher	62%	Vested in full in Sept 2019	The CAGR EPS maximum was exceeded.
	Relative TSR against the ASX 100	97.75th percentile		The absolute TSR for the period was 268.603%, which was at the 97.75th percentile of the comparator group.
FY2018	3 year rolling ROIC at 10% or higher	15.7%	Will vest in full in Sept 2020	
	Average net debt to EBITDA ratio of <1.0x over 3 years	(0.06)x		

2.5 CHANGES IN FY2021

There are no significant changes proposed to the underlying remuneration framework in FY2021.

A pay freeze has been implemented for Executive KMP in FY2021, with the exception of an adjustment for the Chief Executive New Zealand and Pacific Islands, who will receive an increase to more closely align her to our target position against the market. This adjustment is in accordance with BlueScope's remuneration philosophy to set remuneration slightly above the median for our peer group and recognises the skills, experience and performance of the incumbent. There will be no increase to fixed pay for the MD & CEO in FY2021.

SHORT TERM INCENTIVE PLAN

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. For FY2021, our ability to set targets that are both achievable and sufficiently challenging for the upcoming 12 months is inhibited by global economic uncertainty driven by COVID-19. Therefore, for the FY2021 STI the Board has decided to take the following approach:

- Separate financial targets set for each financial measure for the first half and the second half of the year.
- While the half-yearly targets will be set individually, the ROC will consider the overall performance for the full year in awarding STI payments to Executive KMP.
- The weighting of the STI scorecard will remain evenly split between financial and non-financial measures.
- Non-financial measures will be set for the full year, although may be reviewed mid-year if business priorities change significantly.

In FY2021, the Safety measure in the STI scorecard will change from the no fatalities/LTIFR gateway and MTIFR target, to a gateway of no fatalities, a Total Recordable Injury Frequency Rate (TRIFR) target, and a requirement to meet additional leading indicators in order to achieve target or above. TRIFR is measured in the same way as MTIFR, and includes Fatalities, Lost Time Injuries, Medical Treatment Injuries and work restrictions of more than seven days. Using TRIFR aligns us to evolving industry standards and, combined with the leading indicators, 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.

LONG TERM INCENTIVE PLAN

The LTI Alignment Rights are specifically designed for the cyclicality of our operating environment, markets and corresponding share price. Accordingly, Alignment Rights are allocated using a three-month volume weighted average share price (VWAP), to smooth out much of the share price variation (this is described in more detail in Section 4.3). Due to this methodology, and because there was no significant movement in the share price between the beginning and the end of the financial year, the Board does not consider it necessary to adjust either the VWAP period or the allocation methodology for the FY2021 LTI plan.

The introduction of AASB 16 Leases increases the lease liabilities recognised on the balance sheet, resulting in higher net debt and therefore leverage. This change is purely an accounting standard construct and results in higher debt without any commensurate change in the underlying financing arrangements and therefore risk profile of the businesses. Accordingly, for the FY2021 LTI plan, the leverage hurdle will be set at an average net debt to EBITDA ratio of <1.3x over the three-year performance period. The Board considers the LTI hurdles prior to each grant, and may, if it is appropriate, amend the leverage hurdle again in future years. For LTI grants that are already on-foot, the leverage hurdle will not be adjusted retrospectively to reflect the change in the accounting treatment, however the Board may consider the application of discretion should this change have a significant impact on reward outcomes.

In August 2019 the Board approved a US$700 million expansion of our successful North Star business in Delta, Ohio. As disclosed in the FY2019 Remuneration Report, the Board has exercised its discretion to exclude the capital spend from the assessment of ROIC for the period of the approved build and ramp up, to ensure that participants are not penalised for undertaking an investment which is expected to deliver long term profitable growth. Any earnings associated with the ramp up period will also be excluded until full ramp up is achieved.

3. REMUNERATION GOVERNANCE

3.1 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.

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.

Consultation with shareholders and other stakeholders

Remuneration consultants and other external advisors
- Provide independent advice, information and recommendations relevant to remuneration decisions.
- In performing its duties and making recommendations to the Board, the Chairman of the ROC seeks 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.

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.

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
- Executive Leadership Team succession planning and talent development
- Executive Leadership Team terms of appointment
- performance and remuneration outcomes for the Executive Leadership Team
- diversity and inclusion principles and objectives.

Consultation with shareholders and other stakeholders
- Management may seek its own independent advice with respect to information and recommendations relevant to remuneration.

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).

3.2 ACTIVITIES OF THE ROC IN FY2020

In FY2020, the activities of the Committee included:

- Setting STI objectives for the year and reviewing fixed pay
- Considering 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.
- 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.
- Special meetings to address the specific remuneration and people issues relevant to the Company's response to COVID-19.
- Approving the design of a fee sacrifice plan for Non-Executive Directors to enhance their ability to increase their shareholding in the Company and better align with shareholders.
- Introduction of a clawback clause to apply retrospectively to LTI plans granted in FY2017, FY2018 and FY2019 and for future plans.
- Undertaking a review of the operation and effectiveness of performance and reward programs across the Company including linkages between performance and various reward elements; global reward program governance; gender pay equity and performance review assessments and outcomes.
- Undertaking a review of talent and inclusion elements, including gender diversity as it relates to recruitment, career progression, development and retention; age and cultural diversity and flexible work as an opportunity to drive inclusion.
- Monitoring talent development and management succession planning.
- 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 as they relate to people and remuneration, including review of people risk appetite statement resulting in the addition of a distinct risk category and related risk appetite statements around People and Reward. This is monitored by the Committee through regular reporting on key metrics and periodic reporting and analysis of key issues and actions.

3.3 INDEPENDENT REMUNERATION CONSULTANT

The Committee engages and considers advice from independent remuneration consultants where appropriate in relation to remuneration matters and Director fees at BlueScope. Remuneration consultants are engaged by, and report directly to, the Committee. Potential conflicts of interest are considered when remuneration consultants are selected 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 Committee. The Chairman of the Board does not participate in any discussions relating to the determination of his own fees.

During FY2020, the ROC employed the services of PwC 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.

3.4 BOARD DISCRETION

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

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 also has the ability to moderate variable reward outcomes in circumstances where the calculated result does not align with employee, customer and shareholder experience.

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. These events include misrepresentation or material misstatements due to errors, omissions or negligence.

In FY2020, the Board did not exercise their discretion on variable reward relating to misconduct.

Clawback

Following amendments to the outstanding LTI plans in August 2019, which were disclosed in last year's Remuneration Report, the Board has discretion in certain circumstances to clawback LTI 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 Executive Leadership Team at the time any relevant circumstance occurred for the outstanding FY2018 and FY2019 awards. From the FY2020 award, the clawback provision applies to all participants.

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.

3.5 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.

3.6 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:

- the value of 100 per cent of base fees for non-executive directors
- the value of 200 per cent of fixed pay for the MD & CEO
- the value of 100 per cent of fixed pay for the Executive Leadership Team, including KMP.

The Executive Leadership Team, including KMP are expected to build their shareholding on a progressive basis over a reasonable period. The Board regularly monitors the shareholding of KMP and Executives. 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.

4. EXECUTIVE REMUNERATION

BlueScope's remuneration philosophy is guided by the following principles:

- **Retention** – keeps the right people.
- **Owners** – encourages Executives to behave like owners.
- **Strategy** – enables the delivery of the strategy.
- **Fair** – feels fair over the cycle for all stakeholders.
- **Simple** – remuneration framework can be easily explained.

The principles extend to all elements of remuneration as described separately below.

4.1 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 slightly above the median of the peer group noted below. Fixed pay includes base pay and superannuation.

Remuneration peer group

The ROC has selected (and reviews annually) a peer group of companies for the purposes of benchmarking remuneration that reflects the size and complexity of BlueScope with similarities on one or more of the following dimensions: operate in multiple geographies, have manufacturing or logistics operations in Australia, are involved in the building and construction industry, have similar number of employees, have similar revenue, or similar market capitalisation on the ASX. The peer group is not solely based on market capitalisation, as the Committee believes that this would lead to unmanageable fluctuations in Executive remuneration, and could result in an inability to attract and retain the skills required to manage a business operating in the complex and volatile environment in which BlueScope operates globally.

The peer group for FY2020 remains the same as last year and is listed below:

Adelaide Brighton Ltd	Boral Ltd	Fletcher Building Ltd	Orora Ltd
AGL Energy Ltd	Caltex Australia Ltd	Incitec Pivot Ltd	Qantas Airways Ltd
Amcor Ltd	CIMIC Group Ltd	Lend Lease Corp Ltd	South32 Ltd
Aurizon Holdings Ltd	CSR Ltd	Orica Ltd	WorleyParsons Ltd
Brambles Ltd	Downer EDI Ltd	Origin Energy Ltd	

4.2 SHORT TERM INCENTIVE (STI)

The following table summarises the STI plan that applied in FY2020.

Feature	Description
Purpose	To achieve BlueScope's overall strategic objectives by motivating Executives to deliver on annual team-based outcomes.
Eligibility	All members of the ELT, including Executive KMP disclosed in this report.
Value / opportunity	Target STI levels are set conservatively against our peer group reflecting our overall remuneration philosophy. Target and maximum STI levels (as a percentage of fixed pay) are shown below.
Performance conditions	The performance measures and relative weightings for the FY2020 STI Plan are shown below:

% of fixed pay	Target	Maximum
MD & CEO	44%	67%
Other Executive KMP	35%	52.5%

Performance measures		MD & CEO	Other Executive KMP
Financial performance	BlueScope underlying ROIC (2/3), Free Cash Flow from Operations (1/3)	50%	25%
	Business Unit underlying ROIC (2/3), Cash Flow from Operations (1/3)	0%	25%
Zero harm	Safety performance measures, including LTIFR and MTIFR	5%	5%
Strategic objectives, including Sustainability	Performance measures based on results from the execution and implementation of business priorities included in the strategic plan	45%	45%

Feature	Description
	Financial Measures Financial measures are selected in order to align with BlueScope's annual budget, targets and longer term plan. They are designed to reinforce and drive business strategy. **Safety-related Measures** Safety remains BlueScope's number one priority. A gateway of no fatality and a LTIFR less than one is in place for the safety measure. If this is achieved, MTIFR improvement is assessed against targets set with reference to the previous year's performance. For individual business units, a benchmark (best practice LTIFR and MTIFR) is set at the highest business level based on the previous year's results. Business Units whose performance is worse than the best practice benchmark are required to maintain improvement targets focused on output (LTIFR/MTIFR) measures. Business Units performing at or better than the best practice benchmark can substitute output measures with input measures best suited to their individual circumstances and to drive improved performance. **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 have a component of their strategic measures linked to BlueScope's material sustainability topics. These measures include objectives linked to the achievement of BlueScope's greenhouse gas emissions intensity reduction targets for the MD & CEO and the leaders of each of our three steelmaking sites.
Target setting	Performance targets for the STI, including Threshold, Target and Stretch levels of performance, are set by the Board at the beginning of the year for all Executive KMP. Threshold is the minimum level of performance at which a payment can be made, and stretch is the level at which the maximum STI for that measure is awarded. The Board takes care to set performance targets that are challenging yet sufficiently motivating to drive Executive performance towards the objectives. Targets are set with reference to annual budgets and business plans, economic conditions and market outlook, and are set with a range between threshold to stretch to enable outperformance to be rewarded.
Performance assessment	All performance conditions under the STI are defined and measurable. The Board, on recommendation from the ROC, approves the targets and assesses the performance outcomes of the MD & CEO. The ROC, on recommendation from the MD & CEO, approves the targets and assesses the performance outcomes of the other members of the Executive Leadership Team. 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 to ensure that they accurately reflect the achievement of results that are consistent with BlueScope's strategic priorities, are in line with Our Bond and enhance shareholder value.
Payment	Each Executive KMP may elect (at the beginning of the year) 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 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.

4.3 LONG TERM INCENTIVE (LTI)

The following table summarises the LTI plan that applied in FY2020.

Feature	Description
Purpose	LTI, in the form of Alignment Rights, rewards Executives for the delivery of sustainable financial performance over the cycle and aligns executive outcomes with the creation of value for shareholders. The vesting conditions provide a minimum level at which the Board believes the Company will continue to produce good returns for shareholders through industry and economic cycles, and provides Executives with a consistent award of shares if this performance is achieved.
Eligibility	All members of the ELT, including Executive KMP disclosed in this report.
Value / opportunity	The quantum of the Alignment Rights has been reduced compared to the prior LTI plan to reflect the greater potential for payment (subject to performance conditions being met). The maximum LTI opportunity for the MD & CEO is 100 per cent of fixed pay and for other Executive KMP is 65 per cent of fixed pay. The allocation of share rights is based on face value. The quantum of LTI awards is calculated 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.
Instrument	Each Alignment Right vests into one fully paid ordinary share in the Company subject to time and performance conditions being met. No dividends are payable on unvested Alignment Rights.
Vesting conditions	The hurdles for Alignment Rights are aligned with the delivery of sustainable earnings over a three-year period. The vesting conditions are: ▪ 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 <1.0x 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 the FY2020 Alignment Rights as a result of changes to AASB16 and the accounting treatment of leases, but this will be amended for future plans. 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. There are no re-testing provisions under the Alignment Rights plan.
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. As a result, 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. The plan is designed to encourage participants to focus on the key performance drivers which underpin sustainable and consistent shareholder value and to achieve alignment through executive equity ownership.
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 Executive Leadership Team (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 LTI outcomes up or down to ensure that they accurately reflect the achievement of results that are consistent with BlueScope's strategic priorities, are in line with Our Bond and enhance shareholder value.
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 outstanding FY2017, FY2018 and FY2019 awards, and, from the FY2020 award, the clawback provision will apply to all participants. The clawback provision allows the Board to clawback LTI awards, any resulting shares from exercise of the awards or the financial benefit of those resulting shares arising from the LTI 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 ▪ Where there is a 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 share rights.
Hedging	Executives are not permitted to hedge (such as 'cap and collar' arrangements) LTI awards.

4.4 EXECUTIVE SERVICE AGREEMENTS

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

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

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

Executives 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. EXECUTIVE REMUNERATION TABLES

The table below sets out remuneration for Executive KMP in FY2020, along with comparative information from FY2019 in accordance with statutory reporting requirements.

5.1 EXECUTIVE REMUNERATION

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	2020	1,775,000	(20,292)	-	-	-	1,754,708	25,000	44,438	2,763,700	4,587,846	60.2
	2019	1,775,000	13,654	-	-	-	1,788,654	25,000	44,375	1,875,548	3,733,577	50.2
KMP Executives												
T Archibald	2020	916,346	17,657	414,381	-	-	1,348,384	25,000	31,348	435,510	1,840,242	46.2
	2019	875,000	(13,462)	411,705	-	-	1,273,243	25,000	21,871	473,195	1,793,309	49.3
C Elias [9]	2020	1,125,000	(4,325)	444,793	84,205	-	1,649,673	25,000	28,502	754,008	2,457,183	48.8
	2019	1,125,000	21,635	357,420	(223,918)	-	1,280,137	25,000	28,500	596,363	1,930,000	49.4
P Finan	2020	947,709	(11,260)	597,771	174,851	-	1,709,071	31,591	-	942,894	2,683,556	57.4
	2019	878,646	11,156	339,411	699	-	1,229,912	29,677	-	508,231	1,767,820	47.9
A Highnam [10]	2020	614,673	1,135	192,485	104,716	-	913,009	21,827	15,355	375,487	1,325,678	42.8
	2019	-	-	-	-	-	-	-	-	-	-	-
J Nowlan	2020	875,000	(6,638)	-	1,206	-	869,568	25,000	5,079	988,372	1,888,019	52.3
	2019	875,000	(13,832)	355,950	14,238	-	1,231,356	25,000	(6,662)	336,667	1,586,361	43.7
G Stephens	2020	596,071	638	96,965	-	-	693,674	59,607	-	489,640	1,242,921	47.2
	2019	554,116	35,223	239,575	1,161	-	830,075	55,412	-	120,282	1,005,769	35.8
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	
Total 2019		6,082,762	54,374	1,704,061	(207,820)	-	7,633,377	185,089	88,084	3,910,286	11,816,836	

1) Exchange rate differences affected overseas based KMP (P Finan & G Stephens).
2) Negative movement in annual leave provision indicates leave taken during the year exceeded leave accrued during the current year.
3) The amount disclosed represents STI payable in cash.
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 FY2020, M Vassella, J Nowlan and G Stephens elected to receive all or part of their STI in equity which is included as a share based payment. The amounts attributable to STI equity are M Vassella: $1,106,958, J. Nowlan: $502,638, G Stephens: $120,021. 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 Elias ceased employment on 3 July 2020. Unvested awards under the FY2018, FY2019 and FY2020 (pro-rated) LTIP awards have been retained. No additional termination benefits have been provided.
10) A Highnam commenced as KMP effective 19 August 2019.

5.2 REALISED PAY

The following table outlines actual pay earned or realised by Executive KMP during FY2020. This is a voluntary disclosure and is provided as additional information to the statutory remuneration tables contained in Section 5.1. This 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.

Realised pay includes the base salary, superannuation/retirement and other benefits paid or payable in relation to FY2020. It also includes the realised value of STI awards earned in relation to the FY2020 performance year (both cash and equity components), and the realised value of LTI awards with a performance period ending on 30 June 2020.

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.

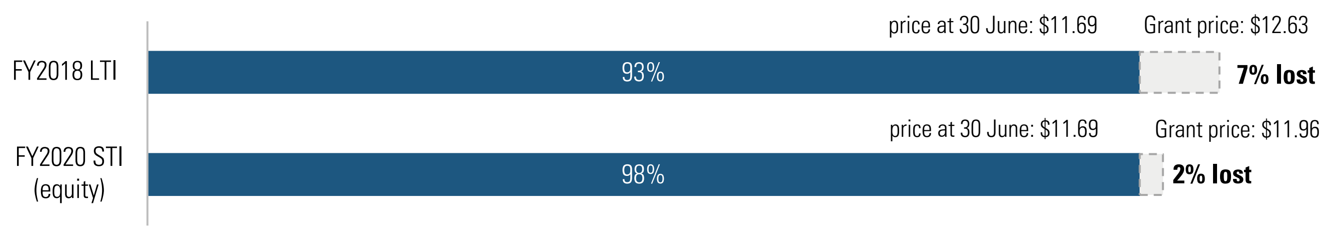
Other benefits include the cost to the Company of executive health checks and benefits and fringe benefits tax provided to international assignees. Tax equalisation payments, which include the difference between the amounts withheld by the Company and the actual tax paid on behalf of international assignees,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

Name	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	1,800,000	-	-	895,371	1,297,872	3,993,243	(20,433)	(96,491)	3,876,319
T Archibald	941,346	-	414,381	-	431,277	1,787,004	-	(32,063)	1,754,941
C Elias	1,150,000	339,775	444,793	-	712,523	2,647,091	-	(52,973)	2,594,118
P Finan	979,300	97,659	597,771	-	547,842	2,222,572	-	(40,729)	2,181,843
A Highnam	636,500	172,406	192,485	-	449,968	1,451,359	-	(33,453)	1,417,906
J Nowlan	900,000	1,206	-	406,563	260,471	1,568,240	(9,278)	(19,365)	1,539,597
G Stephens	655,678	-	96,966	97,080	-	849,724	(2,215)	-	847,509

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 FY2020 financial year which will be paid in cash in September. For P Finan, this includes a Project Incentive for the period 1 July – 31 December 2019 in addition to the annual STI award.
4) STI (equity) is the amount relating to performance in the FY2020 financial year which the executive elected to take as equity (share price of $11.963 based on 3 month VWAP to 31 August 2019).
5) The FY18 LTI award will vest in September, the value at allocation was $12.6289 per share (3 month VWAP to 31 August 2017).
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 2020).

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 are automatically aligned with the outcomes for shareholders over the performance period.

BlueScope's share price over the vesting period for the FY2020 STI and FY2018 LTI resulted in a loss in value since grant as shown in the chart below.



5.3 SHARE RIGHTS AWARDED AS REMUNERATION AND HOLDINGS

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

There were no options or rights vested and unexercisable at the end of FY2020. 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 FY2020

	Balance at 30 June 2019	Granted in year ended 30 June 2020 [1]	Exercised in year ended 30 June 2020 [2]	Lapsed in year ended 30 June 2020	Balance at 30 June 2020	Vested and not yet exercised at 30 June 2020	Unvested at 30 June 2020	Total Share Rights vested in year ended 30 June 2020	Value of Share Rights granted during the year at grant date [3]	Value of Share Rights exercised during the year [4]
	#	#	#	#	#	#	#	#	$	$
Executive Director										
M Vassella	630,007	250,772	426,680	25,464	428,635	74,845	353,790	447,895	3,666,788	5,452,970
KMP Executives										
T Archibald	128,068	51,617	61,238	-	118,447		118,447	61,238	748,963	782,622
C Elias [5]	291,610	62,484	193,440	-	160,654	-	160,654	193,440	906,643	2,472,163
P Finan	260,140	123,761	181,290	-	202,611	-	202,611	181,290	1,711,885	2,316,886
A Highnam [6]	125,230	39,663	63,900	-	100,993	-	100,993	63,900	575,510	816,642
J Nowlan	92,300	88,396	38,995	5,511	136,190	33,985	102,205	72,980	1,293,685	498,356
G Stephens	21,590	50,704	-	6,471	65,823	8,115	57,708	8,115	739,799	-

1) The number of share rights granted includes rights awarded under the FY2020 Long Term Incentive (LTI) Alignment Right Award which are subject to Company performance hurdles. MR Vassella, J Nowlan and G Stephens elected to receive share rights under the FY20 Short Term Incentive (STI) Award. P Finan received share rights under the Project Equity Award in FY2020. These rights will vest at the end of FY2022 subject to an employment service condition.
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 the MD&CEO this amount includes 53,630 performance rights in respect of the FY2019 STI Award which vested in FY2019 and were exercised during FY2020.
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 2020. The valuation has been made using the Black-Scholes Option Pricing Model (BSM) that includes a Monte Carlo simulation analysis. The fair value per instrument of the Share Rights granted in the year ended 30 June 2020 was: FY2020 LTI Award - $14.51; FY2020 STI Award - $14.79; and Project Equity Award - $14.90 (first tranche) and $9.81 (second tranche).
4) Shares rights exercised during the year under the FY2019 STI Award, FY2017 TSR/EPS Long Term Incentive Plans, FY2017 TSR/EPS Supplementary Long Term Incentive Plans, FY2017 Share Rights Long Term Incentive Plan and FY2017 DEI Long Term Incentive Plan. The value of the share rights exercised during the year was at the date of exercise which was 6 September 2019. The share price at that date was $12.78.
5) As part of his termination agreement, C Elias' awards under the FY18 and FY19 LTIP were retained and those under the FY20 LTIP will be pro-rated for the period of service.
6) A Highnam commenced as KMP effective 19 August 2019. The opening balance is reflected from this date.

There were 3,466,270 unvested securities on issue at the time of this report and 3,667,319 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 FY2020 for Executive KMP.

2020	Award Details	Number of Share Rights awarded	Date of grant	% vested in year ended 30 June 2020	% forfeited in year ended 30 June 2020	Share Rights yet to vest	Financial year in which awards may vest
Executive Director							
M Vassella	FY17 LTI Award (TSR) - 4 yr[1]	186,525	26-Nov-15	100	-	-	2020
	FY17 LTI Award (EPS) - 4 yr[1]	186,525	26-Nov-15	100	-	-	2020
	FY18 LTI AR Award - 3 yr	102,770	01-Sep-17	-	-	102,770	2021
	FY19 LTI AR Award - 3 yr	100,557	01-Sep-18	-	-	100,557	2022
	FY20 LTI AR Award - 3 yr[2]	150,463	18-Dec-19	-	-	150,463	2023
	FY20 STI Award - 1 yr[3]	100,309	18-Dec-19	75	25	-	2020
KMP Executives							
T Archibald	FY17 Supp LTI Award (TSR) - 3 yr[1]	30,619	01-Sep-16	100	-	-	2020
	FY17 Supp LTI Award (EPS) - 3 yr[1]	30,619	01-Sep-16	100	-	-	2020
	FY18 LTI AR Award - 3 yr	34,150	01-Sep-17	-	-	34,150	2021
	FY19 LTI AR Award - 3 yr	32,680	01-Sep-18	-	-	32,680	2022
	FY20 LTI AR Award - 3 yr[2]	51,617	18-Dec-19	-	-	51,617	2023
C Elias	FY17 LTI Award (TSR) - 4 yr[1]	96,720	26-Nov-15	100	-	-	2020
	FY17 LTI Award (EPS) - 4 yr[1]	96,720	26-Nov-15	100	-	-	2020
	FY18 LTI AR Award - 3 yr	56,420	01-Sep-17	-	-	56,420	2021
	FY19 LTI AR Award - 3 yr	41,750	01-Sep-18	-	-	41,750	2022
	FY20 LTI AR Award - 3 yr[2]	62,484	18-Dec-19	-	-	62,484	2023
P Finan	FY17 LTI Award (TSR) - 4 yr[1]	90,645	26-Nov-15	100	-	-	2020
	FY17 LTI Award (EPS) - 4 yr[1]	90,645	26-Nov-15	100	-	-	2020
	FY18 LTI AR Award - 3 yr	43,380	01-Sep-17	-	-	43,380	2021
	FY19 LTI AR Award - 3 yr	35,470	01-Sep-18	-	-	35,470	2022
	FY20 LTI AR Award - 3 yr[2]	51,597	18-Dec-19	-	-	51,597	2023
	FY20 Project Equity Award - 3 yr[4]	50,154	18-Dec-19	-	-	50,154	2023
	FY20 Project Equity Award - 3 yr[4]	22,010	12-May-20	-	-	22,010	2023
A Highnam	FY17 Supp LTI Award (TSR) - 3 yr[1]	31,950	01-Sep-16	100	-	-	2020
	FY17 Supp LTI Award (EPS) - 3 yr[1]	31,950	01-Sep-16	100	-	-	2020
	FY18 LTI AR Award - 3 yr	35,630	01-Sep-17	-	-	35,630	2021
	FY19 LTI AR Award - 3 yr	25,700	01-Sep-18	-	-	25,700	2022
	FY20 LTI AR Award - 3 yr[2]	39,663	18-Dec-19	-	-	39,663	2023
J Nowlan	FY17 LTI SR Award - 3 yr[1]	23,370	01-Sep-16	100	-	-	2020
	FY17 LTI DEI Award - 3 yr[1]	15,625	01-Sep-16	100	-	-	2020
	FY18 LTI AR Award - 3 yr	20,625	01-Sep-17	-	-	20,625	2021
	FY19 LTI AR Award - 3 yr	32,680	01-Sep-18	-	-	32,680	2022
	FY20 LTI AR Award - 3 yr[2]	48,900	18-Dec-19	-	-	48,900	2023
	FY20 STI Award - 1 yr[3]	39,496	18-Dec-19	86	14	-	2020
					-		
G Stephens	FY19 LTI AR Award - 3 yr	21,590	01-Sep-18	-	-	21,590	2022
	FY20 LTI AR Award - 3 yr[2]	36,118	18-Dec-19	-	-	36,118	2023
	FY20 STI Award - 1 yr[3]	14,586	18-Dec-19	56	44	-	2020

1) Following the release of the FY2019 Remuneration Report and based on performance against targets, the Board approved vesting of share rights granted under the FY2017 LTI Award (TSR/EPS), FY2017 Supplementary LTI Award (TSR/EPS), FY2017 LTI Share Rights Award and FY2017 LTI DEI Award.
2) The FY2020 LTI Alignment Rights Award expiry date is 31 December 2025.
3) The FY2020 STI Award expiry date is 31 December 2023.
4) The FY2020 Project Equity Award expiry date is 31 December 2025.

5.4 SHARE HOLDINGS 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 2019	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 2020
Non-executive Directors					
J Bevan	55,326	-	-	-	55,326
P Bingham-Hall	57,834	-	-	-	57,834
K Conlon [3]	2,708	-	-	7,500	10,208
E Crouch	32,500	-	-	-	32,500
R Dee-Bradbury	27,300	-	-	-	27,300
M Hutchinson	11,720	-	-	-	11,720
J Lambert	10,100	-	-	4,200	14,300
Previous Non-executive Directors					
L Jones [4]	46,245	-	-	-	46,245
Executive Director					
M Vassella	914,816	426,680	-	(463,446)	878,050
KMP Executives					
T Archibald	61,250	61,238	-	(30,619)	91,869
C Elias	614,774	193,440	-	(250,000)	558,214
P Finan	523,437	181,290	-	(201,756)	502,971
A Highnam [5]	130,000	63,900	-	(30,000)	163,900
J Nowlan	308,881	38,995	-	(39,000)	308,876
G Stephens [6]	5,460	-	-	-	5,460

1) Exercise of share rights awarded under the FY2017 Long Term Incentive Plans and FY2019 STI 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 rights awards.
3) K Conlon was appointed to the Board with effect from 1 February 2020. The opening shareholding is represented at 1 February 2020.
4) L Jones ceased being a Non-Executive Director of the Company on 21 November 2019. The shareholding is represented at 21 November 2019.
5) A Highnam commenced as KMP effective 19 August 2019. The opening shareholding is reflected from this date.
6) G Stephens received 5,460 sign-on shares which are subject to a restriction period which will end on 25 June 2021. These shares are being expensed over three years.

6. RELATED PARTY TRANSACTIONS

6.1 LOANS TO KEY MANAGEMENT PERSONNEL

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

6.2 OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

In the normal course of business, the Group occasionally enters into transactions with various entities that have 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.

7. NON-EXECUTIVE DIRECTOR REMUNERATION

7.1 POLICY AND APPROACH

There was no increase in the fees payable to Non-Executive Directors during FY2020.

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.

Non-executive Directors are expected to build a shareholding in the Company equivalent to one year's base fees. In FY2020 the Board approved the introduction of a fee sacrifice plan for Non-executive Directors that will come into effect from 1 October 2020.

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 2020 amounted to $1,973,284 (FY2019 $2,132,871).

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

Role		Base plus 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

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

7.2 DIRECTORS' REMUNERATION

Details of the audited remuneration for FY2020 for each Non-Executive Director of the Company are set out in the following table.

Name	Year	Short-term benefits Fees[1] $	Non-monetary $	Sub-total $	Post-employment benefits[2] $	Total $
Non-executive Directors						
J Bevan	2020	496,028	-	496,028	10,502	506,530
	2019	486,000	-	486,000	20,530	506,530
P Bingham-Hall	2020	250,528	-	250,528	10,502	261,030
	2019	240,500	-	240,500	20,530	261,030
K Conlon[3]	2020	90,800	-	90,800	2,901	93,701
	2019	-	-	-	-	-
E Crouch	2020	250,528	-	250,528	10,502	261,030
	2019	240,500	-	240,500	20,530	261,030
R Dee-Bradbury	2020	220,119	-	220,119	20,911	241,030
	2019	220,500	-	220,500	20,530	241,030
M Hutchinson	2020	232,027	-	232,027	21,003	253,030
	2019	159,414	1,500	160,914	15,017	175,931
J Lambert	2020	240,027	-	240,027	21,003	261,030
	2019	240,500	-	240,500	20,530	261,030
Previous Non-executive Directors						
L Jones[4]	2020	87,611	-	87,611	8,292	95,903
	2019	219,500	-	219,500	20,530	240,030
Total 2020		1,867,668	-	1,867,668	105,616	1,973,284
Total 2019		1,806,914	1,500	1,808,414	138,197	1,946,611

1) There was no increase in Chairman or Directors' base fees. J Bevan, P Bingham-Hall, E Crouch and K Conlon have elected superannuation guarantee exemptions. The additional superannuation allowance has been included under fees.
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) K Conlon was appointed to the Board with effect from 1 February 2020.
4) L Jones ceased being a Non-Executive Director of the Company on 21 November 2019.

OTHER MATTERS

ENVIRONMENTAL REGULATION

In the 12 months to 30 June 2020, the Company notified relevant authorities of 19 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. BlueScope's Australian operations received two official cautions during the financial year, one for an exceedance of limits for total suspended solids and iron in July 2019 following a period of heavy rainfall, and the other for an overflow of the Blast Furnace thickener in March 2020. The NSW EPA has also issued two penalty infringement notices in relation to the exceedances of dioxin limits from the Sinter Plant at Port Kembla which occurred in March and April 2020. No other fines have been received throughout all of BlueScope's operations for the financial year.

In addition, in BlueScope's Australian manufacturing operations, boundary remediation has continued, and source remediation commenced during FY2020 at the former stainless steel manufacturing site at Port Kembla, which had been previously notified to the NSW EPA and declared by it to be "significantly contaminated". This work will continue throughout FY2021. The NSW EPA has confirmed that BlueScope's other sites at Port Kembla, including the main steelworks site, do not require regulation under the contaminated land legislation. BlueScope will continue to regularly report to the NSW EPA on the results of contamination monitoring at its Port Kembla sites.

BlueScope's Australian facilities submit annual reports under the National Greenhouse Gas and Energy Reporting Scheme (greenhouse gas emissions and energy consumption for all Australian facilities), and the National Pollutant Inventory (substance emissions to air and water for a number of facilities).

Each year the Company publishes a Sustainability Report, which is available on our website. The report provides further details of BlueScope's environmental performance and initiatives.

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 24). 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 FY2020 the Company has paid $9,930.29 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, the nearest dollar, 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 2020 has been received from Ernst & Young. This is set out at page 53 of the Directors' Report.

NON-AUDIT SERVICES

Ernst & Young provided $592,000 of non-audit services during the year ended 30 June 2020, comprising:

$ 117,000 for taxation compliance services;
$ 313,000 for discretionary assurance services; and
$ 162,000 for advisory 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

MVassella

M VASSELLA
Managing Director and Chief Executive Officer

Melbourne
17 August 2020

Ernst & Young
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Building a better working world

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 2020, 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
17 August 2020

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Section

02

Financial report

BlueScope Steel Limited ABN 16 000 011 058
Annual Financial Report - 30 JUNE 2020

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Statement of Comprehensive Income

BLUESCOPE STEEL LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated 2020 $M	2019 $M
Revenue from continuing operations	2	**11,324.2**	12,573.1
Other income	3	**68.3**	140.9
Changes in inventories of finished goods and work in progress		**(124.5)**	0.7
Raw materials and consumables used		**(6,810.1)**	(7,519.5)
Employee benefits expense		**(1,780.1)**	(1,705.3)
Depreciation and amortisation expense	12,13,17(b)	**(534.6)**	(413.1)
Impairment expense of non-current assets	14(f)	**(160.7)**	(65.6)
Inventory spares write-down	14(f)	**(37.0)**	-
Freight on external despatches		**(539.8)**	(521.3)
External services		**(783.0)**	(853.3)
Finance costs	16(f),17(d)	**(77.0)**	(56.8)
Other expenses		**(292.2)**	(288.5)
Share of net profits of associates and joint venture partnerships accounted for using the equity method	24(a),25(a)	**2.8**	16.4
Profit before income tax		**256.3**	1,307.7
Income tax (expense)	4(a)	**(128.0)**	(292.6)
Profit from continuing operations		**128.3**	1,015.1
Loss from discontinued operations after income tax	26(b)	**(4.8)**	(5.0)
Net profit for the year		**123.5**	1,010.1
Items that may be reclassified to profit or loss			
Net (loss) on cash flow hedges		**(20.0)**	(1.6)
- Income tax benefit		**6.2**	0.3
Net gain (loss) on net investments in foreign subsidiaries	19(a)	**(1.7)**	30.2
- Income tax (expense) benefit		**0.4**	(9.1)
Exchange fluctuations on translation of foreign operations attributable to BlueScope Steel Limited	19(a)	**7.2**	110.2
Exchange fluctuations transferred to profit on translation of foreign operations disposed	19(a)	**-**	(7.3)
Items that will not be reclassified to profit or loss			
Actuarial losses on defined benefit superannuation plans	11(i)	**(111.3)**	(122.7)
- Income tax benefit		**31.1**	40.4
Investment revaluation	22	**(8.7)**	(19.3)
Exchange fluctuations on translation of foreign operations attributable to non-controlling interests		**7.1**	34.7
Other comprehensive (loss) income for the year		**(89.7)**	55.8
Total comprehensive income for the year		**33.8**	1,065.9
Profit is attributable to:			
Owners of BlueScope Steel Limited		**96.5**	1,015.8
Non-controlling interests		**27.0**	(5.7)
		123.5	1,010.1
Total comprehensive income for the year is attributable to:			
Owners of BlueScope Steel Limited		**(0.7)**	1,036.2
Non-controlling interests		**34.5**	29.7
		33.8	1,065.9

Earnings per share for profit attributable to ordinary equity holders of the Company from:	Notes	2020 Cents	2019 Cents
Continuing operations:			
Basic earnings per share	5	**19.9**	190.9
Diluted earnings per share	5	**19.8**	188.5
Total operations:			
Basic earnings per share	5	**19.0**	189.9
Diluted earnings per share	5	**18.9**	187.6

Statement of Financial Position

BLUESCOPE STEEL LIMITED
AS AT 30 JUNE 2020

	Notes	Consolidated 2020 $M	2019 $M
ASSETS			
Current assets			
Cash and cash equivalents	15	**1,399.5**	1,644.5
Trade and other receivables	6	**1,077.0**	1,199.4
Contract assets	2(b)	**24.3**	25.5
Inventories	7	**1,921.6**	2,056.9
Operating intangible assets	8	**35.9**	27.2
Derivative financial instruments	33(d)	**0.1**	1.5
Deferred charges and prepayments		**124.2**	122.5
		4,582.6	5,077.5
Non-current assets classified as held for sale	12(a)	**10.3**	1.1
Total current assets		**4,592.9**	5,078.6
Non-current assets			
Trade and other receivables	6	**52.1**	34.9
Inventories	7	**60.2**	73.3
Operating intangible assets	8	**78.4**	76.3
Derivative financial instruments	33(d)	**7.6**	12.3
Investments accounted for using the equity method	24,25	**89.7**	90.4
Other investments - fair value through other comprehensive income	22	**15.5**	24.7
Property, plant and equipment	12	**4,175.3**	4,147.5
Right-of-use assets	17(b)	**338.0**	-
Intangible assets	13	**1,721.5**	1,723.5
Deferred tax assets	4(d)	**413.2**	419.1
Deferred charges and prepayments		**15.9**	15.7
Total non-current assets		**6,967.4**	6,617.7
Total assets		**11,560.3**	11,696.3
LIABILITIES			
Current liabilities			
Trade and other payables	9	**1,679.2**	2,052.0
Borrowings	16	**121.2**	200.8
Lease liabilities	17(c)	**97.4**	11.4
Current tax liabilities		**11.7**	7.6
Provisions	10	**420.9**	432.0
Contract liabilities	2(b)	**178.7**	163.2
Deferred income		**26.3**	26.3
Derivative financial instruments	33(d)	**5.6**	3.7
Total current liabilities		**2,541.0**	2,897.0
Non-current liabilities			
Trade and other payables	9	**59.2**	78.3
Borrowings	16	**662.8**	631.0
Lease liabilities	17(c)	**439.0**	108.6
Deferred tax liabilities	4(d)	**167.6**	182.1
Provisions	10	**179.0**	143.3
Contract liabilities	2(b)	**7.2**	10.5
Retirement benefit obligations	11	**439.7**	300.4
Deferred income		**3.1**	3.6
Derivative financial instruments	33(d)	**22.1**	-
Total non-current liabilities		**1,979.7**	1,457.8
Total liabilities		**4,520.7**	4,354.8
Net assets		**7,039.6**	7,341.5
EQUITY			
Contributed equity	18(a)	**3,634.7**	3,832.8
Reserves	19	**354.6**	369.0
Retained profits		**2,553.8**	2,662.3
Parent entity interest		**6,543.1**	6,864.1
Non-controlling interests	23	**496.5**	477.4
Total equity		**7,039.6**	7,341.5

Statement of Changes in Equity

BLUESCOPE STEEL LIMITED
AS AT 30 JUNE 2020

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) - 1 July 2019	35(a)(i)	-	-	(71.6)	-	(71.6)
- Tax credit	35(a)(i)	-	-	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 (loss) 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	18(c)	(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**

Consolidated - 30 June 2019	Notes	Contributed equity $M	Reserves $M	Retained profits $M	Non-controlling interests $M	Total $M
Balance at 1 July 2018		**4,311.2**	**272.8**	**1,809.8**	**493.8**	**6,887.6**
Accounting policy changes (AASB 9 /AASB 15) - 1 July 2018		-	-	(12.1)	-	(12.1)
- Tax credit		-	-	2.1	-	2.1
Non-controlling interest share of accounting policy changes after tax		-	-	2.7	(2.7)	-
Adjusted balance at 1 July 2018		**4,311.2**	**272.8**	**1,802.5**	**491.1**	**6,877.6**
Profit for the period		-	-	1,015.8	(5.7)	1,010.1
Other comprehensive income (loss)		-	104.1	(83.7)	35.4	55.8
Total comprehensive income for the year		**-**	**104.1**	**932.1**	**29.7**	**1,065.9**
Transactions with owners in their capacity as owners:						
Issue of share awards	18(b),19(a)	17.3	(17.3)	-	-	-
Share-based payment expense	19(a)	-	12.9	-	-	12.9
Share buybacks	18(c)	(510.4)	-	-	-	(510.4)
Dividends paid		-	-	(75.8)	(43.4)	(119.2)
Tax credit recognised directly in equity	18(b)	14.7	-	-	-	14.7
Other		-	(3.5)	3.5	-	-
		(478.4)	(7.9)	(72.3)	(43.4)	(602.0)
Balance at 30 June 2019		**3,832.8**	**369.0**	**2,662.3**	**477.4**	**7,341.5**

Statement of Cash Flows

BLUESCOPE STEEL LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated 2020 $M	2019 $M
Cash flows from operating activities			
Receipts from customers		**11,804.9**	13,275.4
Payments to suppliers and employees		**(10,891.4)**	(11,390.9)
		913.5	1,884.5
Associate dividends received		**0.2**	2.1
Dividends received- other		**0.3**	0.9
Interest received		**20.7**	17.1
Other revenue		**36.3**	23.7
Finance costs paid		**(79.1)**	(56.5)
Income taxes paid		**(74.0)**	(189.5)
Net cash inflow from operating activities	15(a)	**817.9**	1,682.3
Cash flows from investing activities			
Payments for business acquisition	21(b)	**-**	(45.5)
Payments for subsidiary acquisition, net of cash acquired	21(b)	**(7.1)**	-
Payments for other investments	22	**-**	(42.2)
Payments for property, plant and equipment		**(561.7)**	(362.3)
Payments for intangibles		**(18.1)**	(15.9)
Proceeds from sale of property, plant and equipment		**12.9**	15.6
Proceeds from sale of partnership		**-**	0.2
Proceeds from sale of subsidiaries	26(a)(i),3(b)	**3.7**	70.3
Repayment of deposit on sale of subsidiary		**-**	(8.4)
Net cash (outflow) from investing activities		**(570.3)**	(388.2)
Cash flows from financing activities			
Proceeds from borrowings		**572.4**	564.4
Repayment of borrowings		**(636.0)**	(534.0)
Repayment of lease liabilities	17(c)	**(104.7)**	(11.6)
Dividends paid to Company's shareholders	20(a)	**(71.5)**	(75.8)
Dividends paid to non-controlling interests in subsidiaries		**(12.2)**	(43.4)
Share buybacks	18(c)	**(228.5)**	(502.0)
Other		**(3.3)**	(3.6)
Net cash (outflow) from financing activities		**(483.8)**	(606.0)
Net (decrease) increase in cash and cash equivalents		**(236.2)**	688.1
Cash and cash equivalents at the beginning of the financial year		**1,643.4**	943.0
Effects of exchange rate changes on cash and cash equivalents		**(7.7)**	12.3
Cash and cash equivalents at end of financial year	15	**1,399.5**	1,643.4

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 2020 was authorised for issue in accordance with a resolution of the Directors on 17 August 2020.

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 2020 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, the nearest dollar, 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 2019 as disclosed in note 35(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 35(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 29	**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 zinc/aluminium alloy coated - ZINCALUME® steel and galvanised and zinc/aluminium alloy-coated pre-painted COLORBOND® steel. • 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 markets 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, 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 (Previously called New Zealand & Pacific Steel)	• 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 and for export.

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 2020 is as follows:

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 [(1)]	**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 [(1)]	**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)]	**1,245.4**	**379.7**	**589.9**	**241.2**	**629.3**	**3.9**	**3,089.4**

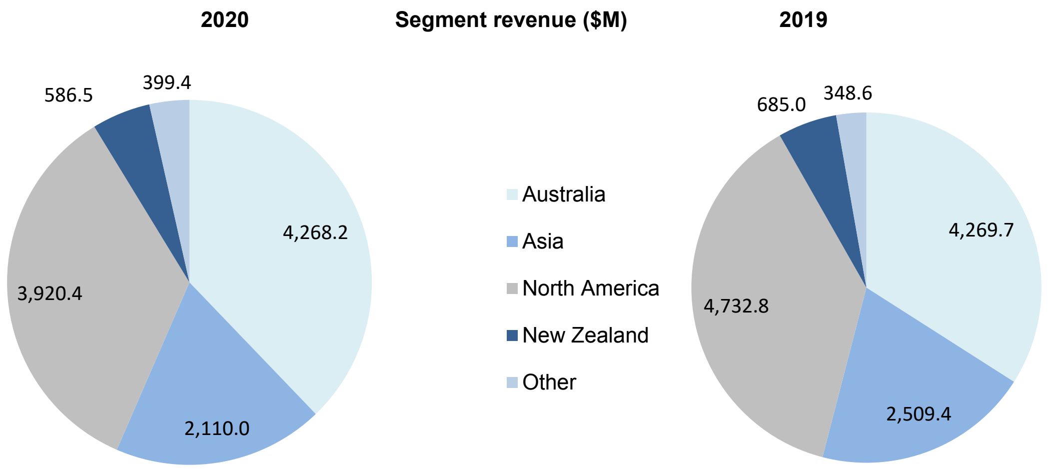
[(1)] For the impact of the new lease accounting standard AASB 16 Leases on segment EBIT, assets and liabilities, refer to note 35(a)(i).

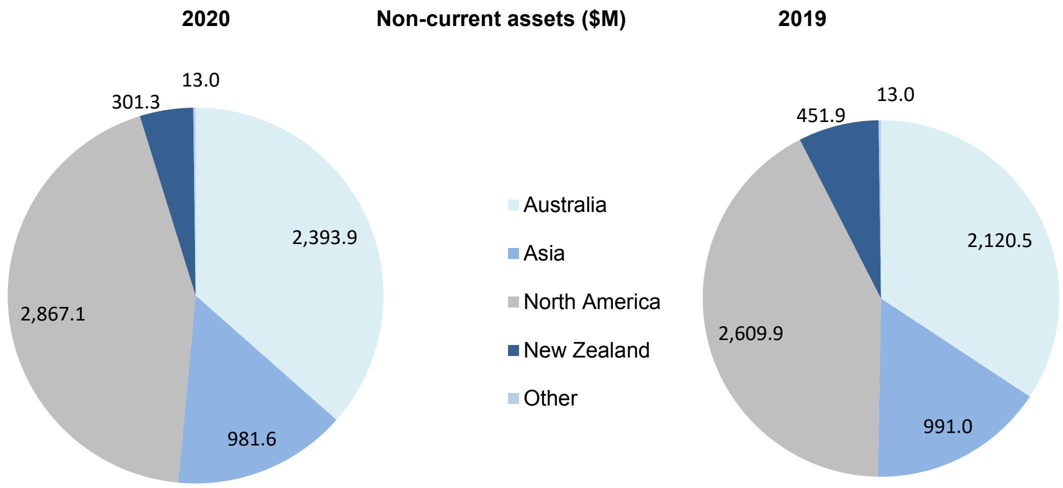
30 June 2019	Australian Steel Products $M	North Star BlueScope Steel $M	Building Products Asia & North America $M	Buildings North America $M	New Zealand & Pacific Islands $M	Discontinued Operations $M	Total $M
Total segment sales revenue	5,707.5	2,375.7	2,879.4	1,178.0	888.0	12.7	13,041.3
Intersegment revenue	(353.5)	-	(95.5)	(1.8)	(45.1)	-	(495.9)
Revenue from external customers	**5,354.0**	**2,375.7**	**2,783.9**	**1,176.2**	**842.9**	**12.7**	**12,545.4**
Segment EBIT	**527.5**	**654.7**	**63.9**	**53.4**	**80.6**	**(2.1)**	**1,378.0**
Depreciation and amortisation	211.6	60.9	71.8	20.0	48.4	-	412.7
Impairment expense of non-current assets	1.8	-	63.8	-	-	0.2	65.8
Share of profit (loss) from associates and joint venture partnerships	-	-	16.4	(1.3)	1.3	-	16.4
Total segment assets	**3,636.7**	**2,245.4**	**2,204.6**	**769.8**	**817.4**	**21.0**	**9,694.9**
Total assets includes:							
Investments in associates and joint venture partnerships	-	-	85.6	-	4.8	-	90.4
Additions to non-current assets (other than financial assets and deferred tax)	201.1	41.3	139.8	26.1	39.6	-	447.9
Total segment liabilities	**1,406.8**	**395.3**	**715.3**	**220.9**	**553.7**	**6.0**	**3,298.0**

1 Segment information (continued)

(c) Geographical information

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





(d) Other segment information

(i) Segment revenue

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

		Consolidated	
	Note	**2020**	2019
		$M	$M
Total segment sales revenue		**11,819.5**	13,041.3
Intersegment eliminations		**(535.0)**	(495.9)
Discontinued operations	26(b)	**-**	(12.7)
Other revenue		**39.7**	40.4
Total revenue from continuing operations		**11,324.2**	12,573.1

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	
	2020	2019
	$M	$M
Total segment EBIT	**427.8**	1,378.0
Intersegment eliminations	**5.8**	3.8
Interest income	**18.9**	19.0
Finance costs	**(77.0)**	(56.8)
Discontinued operations	**4.7**	2.1
Corporate operations	**(123.9)**	(38.4)
Profit before income tax from continuing operations	**256.3**	1,307.7

(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	
	2020	2019
	$M	$M
Segment assets	**9,786.5**	9,694.9
Intersegment eliminations	**(216.1)**	(303.1)
Unallocated:		
Deferred tax assets	**413.2**	419.1
Cash	**1,399.5**	1,644.5
Accrued interest receivable	**0.1**	1.9
Corporate operations	**177.1**	239.0
Total assets	**11,560.3**	11,696.3

	Consolidated	
	2020	2019
	$M	$M
Segment liabilities	**3,089.4**	3,298.0
Intersegment eliminations	**(213.4)**	(294.7)
Unallocated:		
Borrowings	**784.0**	831.8
Lease liabilities	**536.4**	120.0
Current tax liabilities	**11.7**	7.6
Deferred tax liabilities	**167.6**	182.1
Accrued borrowing costs payable	**4.3**	2.7
Corporate operations	**140.7**	207.3
Total liabilities	**4,520.7**	4,354.8

2 Revenue

	Note	Consolidated 2020 $M	2019 $M
Sales revenue from contracts with customers		**11,284.5**	12,532.7
Other revenue			
Interest		**18.9**	19.0
Other		**20.8**	21.4
		39.7	40.4
Total revenue from continuing operations		**11,324.2**	12,573.1
From discontinued operations			
Sales revenue from contracts with customers		**-**	12.7
Other revenue		**-**	0.6
Total revenue from discontinued operations	26(b)	**-**	13.3

(a) Disaggregation of sales revenue from contracts with customers

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
Other	309.4	-	-	27.8	-	-	337.2
	5,069.2	**1,675.6**	**2,705.7**	**1,117.6**	**716.4**	**-**	**11,284.5**

2 Revenue (continued)

30 June 2019

	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	5,354.0	2,375.7	2,392.2	43.8	842.9	-	11,008.6
Over time	-	-	391.7	1,132.4	-	12.7	1,536.8
	5,354.0	**2,375.7**	**2,783.9**	**1,176.2**	**842.9**	**12.7**	**12,545.4**
External sales revenue by destination							
Australia	4,184.8	-	37.3	-	47.6	-	4,269.7
Asia	578.8	-	1,899.8	-	18.0	12.7	2,509.3
North America	372.7	2,375.7	808.2	1,176.2	-	-	4,732.8
New Zealand	59.3	-	-	-	625.7	-	685.0
Other	158.4	-	38.6	-	151.6	-	348.6
	5,354.0	**2,375.7**	**2,783.9**	**1,176.2**	**842.9**	**12.7**	**12,545.4**
External sales revenue by category							
Steelmaking Products	1,460.9	2,375.7	-	-	89.4	-	3,926.0
Building Products	3,580.1	-	2,392.2	-	753.5	-	6,725.8
Engineered Building Solutions	-	-	391.7	1,176.2	-	12.7	1,580.6
Other	313.0	-	-	-	-	-	313.0
	5,354.0	**2,375.7**	**2,783.9**	**1,176.2**	**842.9**	**12.7**	**12,545.4**

(b) Assets and liabilities related to contracts with customers

	Consolidated 2020 $M	Consolidated 2019 $M
Current contract assets		
Engineered Building Solutions	**24.3**	25.5
Current contract liabilities		
Customer deposits received in advance of work performed	**177.8**	162.3
Service warranties	**0.9**	0.9
Total current contract liabilities	**178.7**	163.2
Non-current contract liabilities		
Customer deposits received in advance of work performed	**-**	2.8
Service warranties	**7.2**	7.7
Total non-current contract liabilities	**7.2**	10.5

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

	Notes	Consolidated **2020** **$M**	2019 $M
Carbon permit income		**45.0**	43.5
Government grants	3(a)	**11.2**	0.9
Insurance recoveries		**1.0**	0.7
Net gain on sale of PP&E	12(b)	**9.0**	4.5
Net gain on fair value revaluation and disposal of associate	21(a)	**2.1**	-
Net gain on sale of subsidiaries	3(b)	**-**	74.7
Net foreign exchange gains		**-**	16.6
		68.3	140.9

(a) Government grants and assistance

Current period government grants includes $9.4M for New Zealand Steel and Pacific Steel for COVID-19 Government wage subsidies. Additionally, Australia Steel Products segment received payroll tax cash refunds ($0.8M) and our China businesses received various employee benefit exemptions totalling $3.4M, recognised as a reduction in employee benefits expense, as part of COVID-19 Government assistance.

(b) Net gain on sale of subsidiaries

Prior period gain on sale of subsidiaries relates to April 2019 sale of BlueScope Buildings (Guangzhou) Ltd for $73.7M (includes $6.3M gain on recycling of the exchange fluctuation reserve) and $1M from the liquidation of Lysaght Langfang (recycling of exchange reserve).

4 Income tax

(a) Income tax expense

	Notes	Consolidated **2020** **$M**	2019 $M
Current tax		**82.5**	170.4
Deferred tax		**45.0**	129.1
Net investment in foreign operations	19(a)	**0.4**	(9.1)
Adjustments for current tax of prior periods		**0.2**	2.3
		128.1	292.7
Income tax expense is attributable to:			
Continuing operations		**128.0**	292.6
Discontinued operations	26(b)	**0.1**	0.1
Total income tax expense		**128.1**	292.7

4 Income tax (continued)

(b) Effective tax rate

	Note	Consolidated 2020 $M	2019 $M
Profit from continuing operations before income tax expense		**256.3**	1,307.7
Loss from discontinuing operations before income tax expense	26(b)	**(4.7)**	(4.9)
		251.6	1,302.8
Less: Share of net profits of associates and joint venture partnerships		**(2.8)**	(16.4)
		248.8	1,286.4
Total income tax expense		**128.1**	292.7
Effective tax rate		**51.5%**	**22.8%**

The Group's effective tax rate is higher than the Australian 30% statutory tax rate primarily due to the non-tax effected New Zealand Steel and Pacific Steel $197.0M asset write-downs recognised as at 30 June 2020. Excluding the asset write-downs, the effective tax rate for the Group is 28.7%.

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

	Note	Consolidated 2020 $M	2019 $M
Profit from continuing operations before income tax expense		**256.3**	1,307.7
Loss from discontinuing operations before income tax expense	26(b)	**(4.7)**	(4.9)
		251.6	1,302.8
Tax at the Australian tax rate of 30.0% (2019 - 30.0%)		**75.5**	390.9
Tax effect of amounts which are not deductible/(taxable):			
Research and development incentive		**(2.7)**	(3.1)
Withholding tax		**1.7**	4.7
Non-taxable gains		**(11.0)**	(22.7)
Share of net profits of associates and joint ventures		**(2.9)**	(6.1)
Sundry items		**6.5**	2.2
		67.1	365.9
Difference in overseas tax rates		**(15.1)**	(52.8)
Adjustments for current tax of prior periods		**0.2**	2.3
Temporary differences and tax losses not recognised		**74.2**	5.2
Previously unrecognised tax losses now recouped		**(0.3)**	(25.1)
Temporary differences and tax losses now recognised		**(3.2)**	(2.8)
Deferred tax assets derecognised		**5.2**	-
Income tax expense		**128.1**	292.7

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

	Consolidated DTA 2020 $M	DTA 2019 $M	DTL 2020 $M	DTL 2019 $M
The balance comprises temporary differences attributable to:				
Employee benefits provision	**207.7**	182.1	**(19.6)**	(10.0)
Other provisions	**30.3**	30.7	**(13.2)**	(6.8)
Property, plant and equipment	**(243.2)**	(247.7)	**131.1**	97.3
Right-of-use assets/lease liabilities	**6.9**	-	**(25.2)**	-
Foreign exchange (gains) losses	**(13.8)**	(15.4)	**-**	-
Intangible assets	**(7.0)**	(7.6)	**105.2**	103.0
Inventory	**3.0**	(2.3)	**(1.5)**	3.6
Tax losses	**419.7**	469.9	**(16.9)**	(16.3)
Other	**9.6**	9.4	**7.7**	11.3
	413.2	419.1	**167.6**	182.1

4 Income tax (continued)

	Consolidated			
	DTA		DTL	
	2020 $M	2019 $M	**2020 $M**	2019 $M
Movements:				
Opening balance at 1 July	**419.1**	487.7	**182.1**	158.9
Charged/(credited):				
Charged (credited) to profit or loss	**(60.0)**	(107.4)	**(15.0)**	21.7
Charged (credited) to other comprehensive income	**36.5**	35.6	**(0.8)**	(5.0)
Acquisitions (note 21(a) (i))	**1.5**	-	**-**	-
Accounting policy changes - AASB 16 /AASB 9 /AASB 15	**17.8**	0.4	**(2.5)**	(1.7)
Exchange fluctuation	**(1.7)**	2.8	**3.8**	8.2
Closing balance at 30 June	**413.2**	419.1	**167.6**	182.1

(e) Tax losses

	Consolidated	
	2020 $M	2019 $M
Unused tax losses for which no deferred tax asset has been recognised	**199.5**	138.6
Potential tax benefit	**54.9**	37.5

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 $167.2M (tax benefit of $46.8M) 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	
	2020 $M	2019 $M
Temporary difference relating to investment in subsidiaries for which deferred tax liabilities have not been recognised	**265.6**	155.7
Tax effect of the above unrecognised temporary differences	**33.5**	27.8

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 $192.8M (2019: $160.0M) 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 $246.0M (2019: 284.0M) 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 $119.7M deferred tax asset at 30 June 2020 (2019: $89.4M). The Group continues to defer the recognition of past tax losses for New Zealand tax group until a history of taxable profits has been demonstrated.

5 Earnings (loss) per share

	Consolidated			
	Basic		Diluted	
	2020 Cents	2019 Cents	**2020 Cents**	2019 Cents
Continuing operations	**19.9**	190.9	**19.8**	188.5
Discontinued operations	**(0.9)**	(1.0)	**(0.9)**	(0.9)
Earnings per share	**19.0**	189.9	**18.9**	187.6

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

	Note	Consolidated	
		2020 $M	2019 $M
Profit (loss) used in calculating basic earnings (loss) per share:			
Continuing operations		**101.2**	1,020.9
Discontinued operations	26(b)	**(4.7)**	(5.1)
		96.5	1,015.8

5 Earnings (loss) per share (continued)

(b) Weighted average number of shares used as denominator

	Consolidated	
	2020 Number	2019 Number
Weighted average number of ordinary shares (Basic)	**507,294,530**	534,904,974
Weighted average number of share rights	**4,226,730**	6,704,781
Weighted average number of ordinary and potential ordinary shares (Diluted)	**511,521,260**	541,609,755

(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

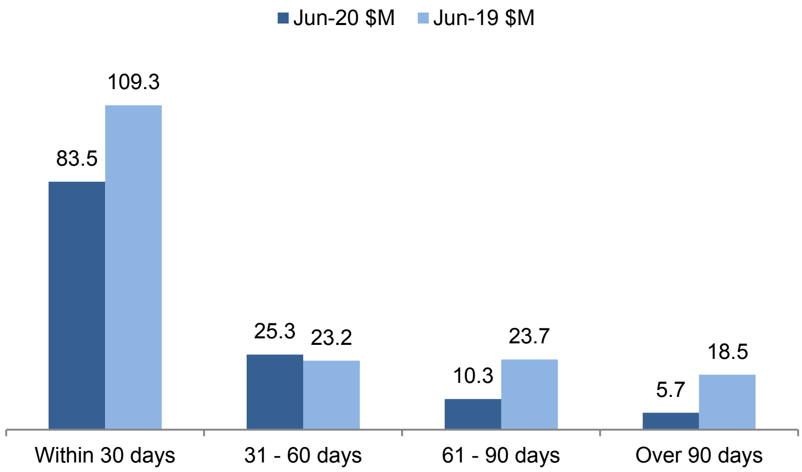
		Consolidated			
		2020		2019	
	Notes	**Current $M**	**Non-current $M**	Current $M	Non-current $M
Trade receivables		**1,018.7**	**-**	1,120.2	-
Provision for impairment of trade receivables	6(a)	**(24.2)**	**-**	(21.7)	-
		994.5	**-**	1,098.5	-
Loans to related parties - associates	30(d)	**-**	**-**	1.3	-
Workers compensation receivables	10(g)	**-**	**34.2**	-	19.9
Sale of receivables	6(c)	**25.1**	**-**	30.0	-
Other receivables		**57.6**	**17.9**	69.8	15.0
Provision for impairment of sundry receivables	6(a)	**(0.2)**	-	(0.2)	-
		82.5	**52.1**	100.9	34.9
		1,077.0	**52.1**	1,199.4	34.9

(a) Provision for impairment of trade and other receivables

	Consolidated	
	2020 $M	2019 $M
At 1 July	**21.9**	19.0
Transfer to retained profits - AASB 9 accounting policy change	**-**	5.5
Additional provision recognised	**8.9**	6.1
Amounts used during the period	**(2.2)**	(4.5)
Unutilised provision written back	**(4.1)**	(5.0)
Exchange fluctuations	**(0.1)**	0.8
	24.4	21.9

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 $493.7M (2019: $492.8M). The facilities mature in September 2020 ($43.7M) and December 2023 ($450.0M). 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 $25.1M 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 $6.3M (June-19: $6.8M). Total costs from selling the receivables and running the programs were $18.0M (2019: $23.8M), 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 receiveables on the balance sheet with the program recorded as borrowings. The carrying amount of trade receivables de-recognised as at 30 June 2020 is $421.4M (2019: $493.0M) which is reflected by a decrease in trade receivables of $139.9M (2019: $155.5M), an increase in sundry payables of $306.6M (2019: $367.5M) offset by a $25.1M (2019: $30.0M) increase in sundry receivables which approximates fair value.

In July 2020, the Group restructured the main facility maturing in December 2023, including reducing its capacity to $350.0M.

(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 receivable 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. The ECL provision was not adjusted as a result of any economic consequences from the COVID-19 pandemic as the Group's receivables, which are generally collected within 30 to 90 days, continue to be collected in line with expectations.

7 Inventories

	Consolidated			
	2020		2019	
	Current $M	**Non-current $M**	Current $M	Non-current $M
At lower of cost and net realisable value:				
Raw materials and stores	**591.3**	**-**	617.2	-
Work in progress	**536.6**	**-**	658.3	-
Finished goods	**607.0**	**-**	635.5	-
Spares and other	**186.7**	**60.2**	145.9	73.3
	1,921.6	**60.2**	2,056.9	73.3

(a) Inventory expense

During the year, $7.8M (2019: $22.6M expense) was recognised as an expense for inventories carried at net realisable value. The increase has been included in ‘raw materials and consumables used’ in the profit and loss.

(b) Inventory spares write-downs

As at 30 June 2020, a total of $37.0M of inventory spares in New Zealand Steel and Pacific Steel has been 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			
	2020		2019	
	Current $M	**Non-current $M**	Current $M	Non-current $M
Emission unit permits - not held for trading (i)	**33.5**	**78.4**	27.2	76.3
Energy certificates (ii)	**2.4**	**-**	-	-
	35.9	**78.4**	27.2	76.3

(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 or subject to impairment as the economic benefits are realised from surrendering the rights to settle obligations arising from the emissions trading scheme.

(ii) Energy certificates respresent 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 33(d)(iv)) and various local state schemes.

9 Trade and other payables

		Consolidated			
		2020		2019	
	Note	**Current $M**	**Non-current $M**	Current $M	Non-current $M
Trade payables		**1,238.4**	**-**	1,556.7	-
Sale of receivables	6(c)	**306.6**	**-**	367.5	-
Other payables		**134.2**	**59.2**	127.8	78.3
		1,679.2	**59.2**	2,052.0	78.3

(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			
	2020		2019	
	Current $M	**Non-current $M**	Current $M	Non-current $M
Annual leave (d) (i)	**83.5**	**-**	77.2	-
Long service leave (d) (i)	**132.9**	**15.7**	129.3	15.1
Redundancy (d) (ii)	**4.4**	**-**	7.0	-
Other employee benefits (d) (iii)	**130.5**	**11.7**	155.5	11.1
Restructure (e)	**6.7**	**9.3**	6.3	12.9
Product claims (f)	**16.2**	**21.6**	13.7	10.0
Workers compensation (g)	**12.3**	**88.6**	10.3	67.2
Restoration and rehabilitation (h)	**8.7**	**27.4**	9.7	25.4
Carbon emissions (i)	**13.9**	**-**	17.9	-
Other provisions	**11.8**	**4.7**	5.1	1.6
Total provisions	**420.9**	**179.0**	432.0	143.3

(a) Movements in provisions

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

Consolidated - 2020 ($M)	Restructure	Product claims	Workers compensation	Restoration and rehabilitation	Carbon emissions
Current and non-current					
Carrying amount at start of the year	**19.2**	**23.7**	**77.5**	**35.1**	**17.9**
Additional provisions recognised	**3.5**	**26.0**	**20.6**	**2.4**	**29.4**
Unutilised provisions written back	**(0.3)**	**(2.0)**	**(0.5)**	**(0.1)**	**-**
Amounts used during the period	**(2.8)**	**(10.0)**	**(11.6)**	**(1.3)**	**(33.0)**
AASB 16 accounting policy change	**(3.8)**	**-**	**-**	**-**	**-**
Exchange fluctuations	**-**	**0.1**	**-**	**(0.1)**	**(0.4)**
Transfers	**-**	**-**	**14.3**	**-**	**-**
Unwinding of discount	**0.2**	**-**	**0.6**	**0.1**	**-**
Carrying amount end of year	**16.0**	**37.8**	**100.9**	**36.1**	**13.9**

(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 $127.9M (2019: $119.9M).

(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 restructuring provisions primarily relate to Australian Steel Products segment to cover estimated future costs of site closures. The provisions are to be utilised over various terms up to a maximum period of 13 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 27(a)(ii)).

10 Provisions (continued)

For the Group, an actuarially determined asset of $34.2M (2019: $19.9M) 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 $6.4M (2019: $6.5M) for New Zealand Steel in relation to its operation of its iron sands mine in Waikato North Head. The provision has been classified as non-current as the timing of payments to remedy the site will not be made until cessation of its 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.

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 2020, the defined contribution expense recognised in the profit and loss amounted to $97.5M (2019: $83.8M).

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	Butler Manufacturing Base Retirement Plan (closed to new participants)	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 were made of the New Zealand Steel Pension Fund as at 30 June 2018, and the Butler Base Retirement Plan as at 1 January 2019.

In March 2019, a A$110.1M (US$78.0M) employer contribution was paid to the North American fund. The North American retirement plan is in the process of being closed. A $28.3M curtailment loss and a $1.5M provision for closure costs has been recognised as at 30 June 2020.

11 Retirement benefit obligations (continued)

(c) Statement of financial position amounts

	Consolidated 2020 $M	Consolidated 2019 $M
Present value of the defined benefit obligation	**(1,304.6)**	(1,152.2)
Fair value of defined benefit plan assets	**864.9**	851.8
Net (liability) in the statement of financial position	**(439.7)**	(300.4)

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

	New Zealand Pension Fund		Butler Manufacturing Base Retirement Plan		Total	
$M	**2020**	2019	**2020**	2019	**2020**	2019
Present value of the defined benefit obligation	**(835.4)**	(749.5)	**(469.2)**	(402.7)	**(1,304.6)**	(1,152.2)
Fair value of defined benefit plan assets	**428.5**	448.5	**436.4**	403.3	**864.9**	851.8
Net (liability) in the statement of financial position	**(406.9)**	(301.0)	**(32.8)**	0.6	**(439.7)**	(300.4)
Defined benefit expense	**15.4**	12.7	**30.7**	8.5	**46.1**	21.2
Employer contribution	**11.8**	12.5	**0.2**	126.2	**12.0**	138.7
Average duration of defined benefit plan obligation (years)	**14.7**	13.8	**9.8**	12.3		
Significant actuarial assumptions	%		%			
Discount rate (gross of tax)	**1.2**	1.9	**2.7**	3.4		
Future salary increases (i)	**2.0**	2.0	**-**	-		

(i) Buildings North America has frozen future salary increases for the purpose of contributions to the superannuation fund.

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

(e) Categories of plan assets

	Consolidated 2020 $M	Consolidated 2019 $M
Cash	**4.0**	5.2
Equity instruments	**178.7**	186.3
Debt instruments	**641.5**	614.4
Property	**40.7**	45.9
	864.9	851.8

(f) Actuarial assumptions and sensitivity

	Change in assumption	Impact on defined benefit obligation: Increase in assumption $M	Impact on defined benefit obligation: Decrease in assumption $M
Discount rate	+/-1%	(186.6)	213.2
Salary growth rate	+/-1%	20.2	(19.5)

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 2020.

11 Retirement benefit obligations (continued)

(g) Reconciliations

	Consolidated			
	Plan assets		Defined benefit obligation	
	2020 $M	2019 $M	**2020 $M**	2019 $M
Balance at the beginning of the year	**851.8**	674.8	**1,152.2**	955.7
Current service cost	**-**	-	**8.7**	7.8
Interest income (net of tax paid)	**18.9**	19.1	**-**	-
Interest cost	**-**	-	**21.9**	24.4
Actuarial losses (gains) arising from changes in demographic assumptions	**-**	-	**0.5**	0.5
Actuarial losses (gains) arising from changes in financial assumptions	**33.8**	57.8	**144.6**	183.2
Foreign currency exchange rate changes	**(2.1)**	28.6	**(8.3)**	39.7
Benefits paid	**(44.5)**	(60.5)	**(44.5)**	(60.5)
Contributions by the Group	**11.9**	138.7	**-**	-
Tax on employer contributions	**(3.9)**	(4.1)	**1.2**	-
Contributions by plan participants	**1.6**	1.7	**-**	-
Plan expenses	**(2.6)**	(4.3)	**-**	-
Loss on curtailment - North America	**-**	-	**28.3**	1.4
Balance at the end of the year	**864.9**	851.8	**1,304.6**	1,152.2

(h) Amounts recognised in profit or loss

	Consolidated	
	2020 $M	2019 $M
Current service cost	**8.7**	7.8
Contributions by plan participants	**(1.6)**	(1.7)
Net interest	**3.0**	5.3
Plan expenses	**2.6**	4.3
Allowance for contributions tax	**5.1**	4.1
Loss on curtailment - North America	**28.3**	1.4
Total included in employee benefits expense	**46.1**	21.2
Actual return on plan assets	**50.1**	72.6

(i) Amounts recognised in other comprehensive income

	Consolidated	
	2020 $M	2019 $M
Actuarial (losses) recognised in other comprehensive income - DB plans	**(111.3)**	(125.9)
Actuarial gains recognised in other comprehensive income - retirement plans	**-**	3.2
Total actuarial (losses) recognised in other comprehensive income during the year	**(111.3)**	(122.7)
Cumulative actuarial (losses) recognised in other comprehensive income	**(646.7)**	(535.4)

(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 2021 are $11.6M.

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 and 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	21(a)	**-**	**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**

12 Property, plant and equipment (continued)

	Note	Land and Buildings $M	Plant, machinery and equipment $M	Total $M
At 1 July 2018				
Cost		1,495.3	10,968.8	12,464.1
Accumulated depreciation and impairment		(750.9)	(7,663.9)	(8,414.8)
Net book amount		744.4	3,304.9	4,049.3
Year ended 30 June 2019				
Opening net book amount		744.4	3,304.9	4,049.3
Additions		16.4	370.6	387.0
Business acquisitions		37.6	6.6	44.2
Depreciation charge		(39.6)	(323.0)	(362.6)
Disposals		(8.1)	(2.4)	(10.5)
Impairment charge	14(f)	-	(65.8)	(65.8)
Asset reclassifications		14.1	(14.1)	-
Asset reclassifications to computer software		-	(2.8)	(2.8)
Exchange fluctuations		26.7	82.0	108.7
Closing net book amount		791.5	3,356.0	4,147.5
At 30 June 2019				
Cost		1,583.6	11,492.4	13,076.0
Accumulated depreciation and impairment		(792.1)	(8,136.4)	(8,928.5)
Net book amount		791.5	3,356.0	4,147.5
Assets under construction included above:		-	234.3	234.3

(a) Assets held for sale

Assets held for sale relates to land held by Pacific Steel New Zealand. The sale is expected to take place in 1H FY2021.

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

	Consolidated	
	2020 **$M**	2019 $M
Net gain on sale and disposal of property, plant and equipment	**9.0**	4.5

Current period includes $10.6M from the sale of land in BlueScope Lysaght (Shanghai).

(c) Capital commitments

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

	Consolidated	
	2020 **$M**	2019 $M
Property, plant and equipment		
Payable:		
Within one year	**57.0**	71.5
Later than one year but not later than five years	**-**	-
Total capital commitments	**57.0**	71.5

(d) 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.

12 Property, plant and equipment (continued)

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, trademarks and other rights $M	Computer software $M	Customer relation-ships $M	Other intangible assets $M	Total $M
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**

13 Intangible assets (continued)

Consolidated	Goodwill $M	Patents, trademarks and other rights $M	Computer software $M	Customer relation-ships $M	Other intangible assets $M	Total $M
At 1 July 2018						
Cost	1,725.3	21.6	355.9	491.0	41.1	2,634.9
Accumulated amortisation and impairment	(515.1)	(16.1)	(273.5)	(143.9)	(10.1)	(958.7)
Net book amount	1,210.2	5.5	82.4	347.1	31.0	1,676.2
Year 30 June 2019						
Opening net book amount	1,210.2	5.5	82.4	347.1	31.0	1,676.2
Additions	-	-	15.9	-	-	15.9
Amortisation charge	-	(0.4)	(18.1)	(30.3)	(1.7)	(50.5)
Reclassifications from PP&E	-	-	2.8	-	-	2.8
Exchange fluctuations	58.8	0.3	2.5	16.3	1.2	79.1
Closing net book amount	1,269.0	5.4	85.5	333.1	30.5	1,723.5
At 30 June 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

(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.

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 2020, $22.1M (2019: $26.1M) 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.

14 Carrying value of non-financial assets (continued)

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	2020 $M	2019 $M
Building Products North America	Building Products Asia and North America	**4.0**	4.0
Buildings North America	Buildings North America	**318.5**	312.4
North Star BlueScope Steel	North Star BlueScope Steel	**967.8**	949.3
Buildings China	Building Products Asia and North America	**3.3**	3.3
Total goodwill		**1,293.6**	1,269.0

The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. In addition to goodwill, the Group has other intangible assets with indefinite useful lives of $4.2M (2019: $4.1M) 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 2H FY2020 has created a public health emergency across the world, contributing to a decline in economic activity and increased uncertainty. While customer demand across the Group was impacted to varying degrees during 2H FY2020 it has, in the main, remained resilient to date. Demand for BlueScope's product is uncertain and the Company considers a number of recognised external forecasters when assessing possible future operating and market conditions. These external forecasters expect economic activity to slow down in FY2021 and progressively recover through to FY2023 in each of the regions in which we operate (Australia, North America, Asia and New Zealand). In addition, Asian and North American commodity steel prices relative to raw material input costs, are expected to remain low during FY2021 and recover to be broadly in line with historical average levels by FY2023.

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 two and half year period, being the basis of the Group's forecasting and planning processes, or up to four and half 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% (2019: 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% (2019: 7.9% to 9.1%). • 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.

14 Carrying value of non-financial assets (continued)

Key assumptions	Basis of estimation
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, environmental management, water stewardship and other sustainability initiatives. The Company reports these in its annual Sustainability Report (available on the Company's web site). 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 two and half year cash flow projections, followed by a long-term growth rate of 2.5% for a further 27 years. Pre-tax VIU cash flows are discounted utilising a 10.5% pre-tax discount rate (2019: 10.1%).

At 30 June 2020 the recoverable amount of this CGU is 1.5 times (2019: 2.7 times) the carrying amount of $530.3M (2019: $537.5M), 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 in relation to the impact on economic activity arising from the COVID-19 pandemic and the forecast recovery trajectory, the Group expects non-residential building and construction activity to continue to decline in FY2021 and recover to historical levels by FY2023.

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 33% (2019: 63%) across the forecast period, without implementation of mitigation plans, the recoverable amount would be equal to the carrying amount. If the forecast EBITDA recovery trajectory was delayed twelve months the recoverable amount would be 1.4 times the carrying amount.

North Star BlueScope Steel
North Star BlueScope is tested for impairment on a VIU basis using three year cash flow projections, followed by a long-term growth rate of 2.5% for a further 27 years. Pre-tax VIU cash flows are discounted utilising pre-tax discount rate of 11.9% (2019: 11.5%).

At 30 June 2020 the recoverable amount of the CGU is 2.3 times (2019: 1.8 times) the carrying amount of $2,059.4M (2019: $1,833.0M), 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 continue to decline in FY2021 and recover to historical average levels by FY2023. 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 47% (2019: 44%) across the forecast period, without implementation of mitigation plans, the recoverable amount would be equal to the carrying amount. If the forecast EBITDA recovery trajectory was delayed twelve months the recoverable amount would be 2.1 times the carrying amount.

(e) Sensitivity of carrying amounts

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

For ASP, recognised external forecasters estimate the Australian dollar relative to the US dollar to strengthen relative to the average year ended 30 June 2020 level and estimate an increase in Asian commodity steel prices relative to iron ore and coking coal costs. The Group believes that the long-term assumptions adopted are appropriate. Taking into account external forecasts in relation to the impact on economic activity arising from the COVID-19 pandemic and the forecast recovery trajectory, the Group expects domestic demand to continue to decline in FY2021 and recover to approach historical average levels by FY2023.

14 Carrying value of non-financial assets (continued)

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 45% (2019: 54%) across the forecast period, without implementation of mitigation plans, the recoverable amount would be equal to the carrying amount. If the forecast EBITDA recovery trajectory was delayed twelve months the recoverable amount would be 1.7 times the carrying amount.

For NZPI, recognised external forecasters estimate the New Zealand dollar relative to the US dollar to strengthen from the average year ended 30 June 2020 level and estimate an increase in global commodity steel prices relative to the year ended 30 June 2020. 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 10% across the forecast period, without implementation of mitigation plans, the recoverable amount would be approximately $40.0M below than the carrying amount.

(f) Recognised asset write-downs

Cash generating units	2020 $M	2019 $M	Discount rates 2020 (%)	2019 (%)
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**	-	**-**	-
Australian Steel Products - PP&E impairment	**-**	1.8	**-**	-
Building Products Thailand - PP&E impairment (ii)	**-**	63.8	**-**	11.8
Impairment expense of non-financial assets from continuing operations	**160.7**	65.6	**-**	-
Discontinued operations	**-**	0.2	**-**	-
Impairment expense of non-current assets	**160.7**	65.8	**-**	-
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**	65.8		

(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 is based on recoverable amount of $404.1M.

(ii) Building Products Thailand (Building Products Asia and North America)
As at 30 June 2019, Building Products Thailand recognised a PP&E impairment for $63.8M as a result of softer than expected volumes and lower margins in the project and retail segments, and slower than expected uptake in the home appliance segment. The impairment was based on a recoverable amount of $404.9M.

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 2020 $M	2019 $M
Cash at bank and on hand	**1,398.0**	1,643.0
Deposits at call	**1.5**	1.5
	1,399.5	1,644.5
Bank overdrafts	**-**	(1.1)
Balance per statement of cash flows	**1,399.5**	1,643.4

15 Cash and cash equivalents (continued)

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

	Consolidated	
	2020 $M	2019 $M
Profit for the year	**123.5**	1,010.1
Depreciation and amortisation	**534.6**	413.1
Impairment charge of non-current assets	**160.7**	65.8
Inventory spares write-down	**37.0**	-
Foreign exchange reserve transferred to P&L	**-**	(7.3)
Non-cash employee benefits expense - share-based payments	**14.0**	12.9
Net (gain) on disposal of non-current assets	**(2.4)**	(79.1)
Share of net profits of associates and joint venture partnership	**(2.8)**	(16.4)
Associate and joint venture partnership dividends received	**0.2**	2.1
Change in operating assets and liabilities:		
Decrease (increase) in trade receivables	**139.0**	215.3
Decrease (increase) in other receivables	**6.9**	51.2
Decrease (increase) in other operating assets	**(16.5)**	(49.9)
Decrease (increase) in inventories	**113.2**	(54.5)
Increase (decrease) in trade payables	**(337.0)**	110.9
Increase (decrease) in other payables	**(46.6)**	76.5
Increase (decrease) in borrowing costs payable	**(2.9)**	(2.0)
Increase (decrease) in income taxes payable	**8.6**	(31.6)
Increase (decrease) in deferred tax balances	**45.5**	134.8
Increase (decrease) in other provisions and liabilities	**60.7**	(169.2)
Other variations	**(17.8)**	(0.4)
Net cash inflow from operating activities	**817.9**	1,682.3

(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			
	2020		2019	
	Current $M	**Non-current $M**	Current $M	Non-current $M
Secured				
Other loans	**7.0**	**-**	9.6	-
Total secured borrowings	**7.0**	**-**	9.6	-
Unsecured				
Bank loans	**116.5**	**233.0**	191.0	207.2
Other loans	**-**	**436.6**	-	428.2
Bank overdrafts	**-**	**-**	1.1	-
Deferred borrowing costs	**(2.3)**	**(6.8)**	(0.9)	(4.4)
Total unsecured borrowings	**114.2**	**662.8**	191.2	631.0
Total borrowings	**121.2**	**662.8**	200.8	631.0

16 Borrowings (continued)

(a) Reconciliation of borrowings arising from financing activities

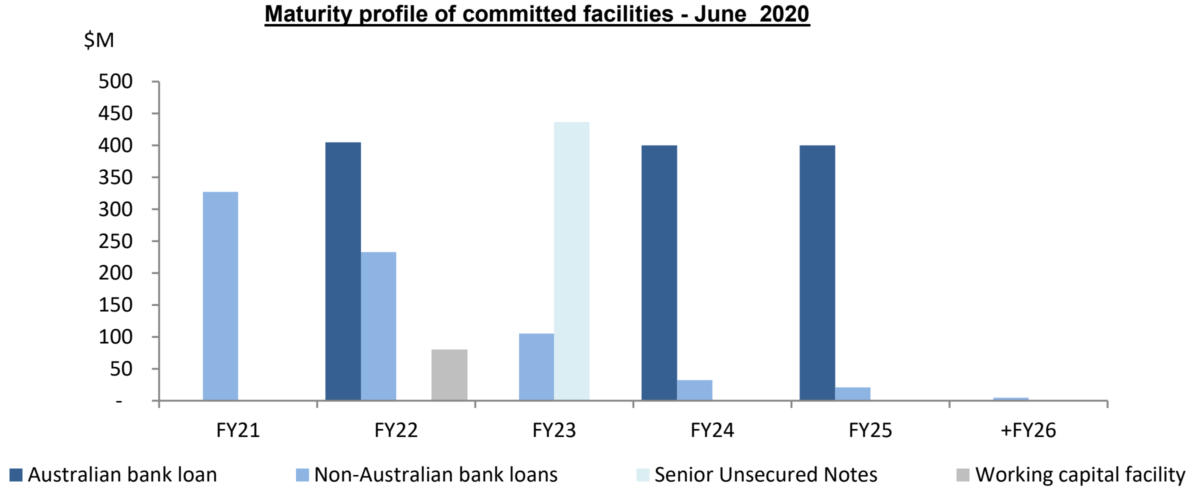
	Note	Consolidated 2020 $M	2019 $M
Balance at the beginning of the year		**830.7**	751.4
Cash flows		**(63.5)**	30.4
Non-cash changes			
Acquisition	21(a)(i)	**2.5**	-
Borrowing costs capitalised		**(3.8)**	(0.5)
Foreign Exchange differences		**18.1**	49.4
Balance at the end of the year (excluding bank overdrafts)		**784.0**	830.7

(b) Financing arrangements

Financing facilities available	Description
Australian	• $1,205M bank facility with a syndicate of banks. The facility is currently undrawn. • Comprises three tranches, maturing in May 2022, August 2023 and August 2024.
Non-Australian bank loans	• Six facilities totalling THB 4,070M ($192M), maturing January 2021 to December 2025, available for NS BlueScope Steel (Thailand) Ltd cash requirements. • Four facilities totalling MYR 375M ($127M), maturing March 2021 to October 2024, to support working capital and other short-term cash requirements for NS BlueScope Steel (Malaysia) Sdn Bhd. • One US$3M ($4M) term facility maturing March 2021 and one US$25M ($36M) revolving facility maturing March 2022, available for NS BlueScope Steel (Indonesia) cash requirements. • Two US$100M revolving facilities maturing March 2021 and March 2022 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 2021.

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

Maturity profile of committed facilities - June 2020



(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.

16 Borrowings (continued)

(d) Lines of credit

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

	Consolidated	
	2020	2019
	$M	$M
Bank overdrafts	**43.3**	43.6
Bank loan facilities	**2,043.6**	1,279.1
Total facilities	**2,086.9**	1,322.7
Bank overdrafts	**-**	1.1
Bank loan facilities	**349.5**	398.2
Used at balance date	**349.5**	399.3
Bank overdrafts	**43.3**	42.5
Bank loan facilities	**1,694.1**	880.9
Unused at balance date	**1,737.4**	923.4

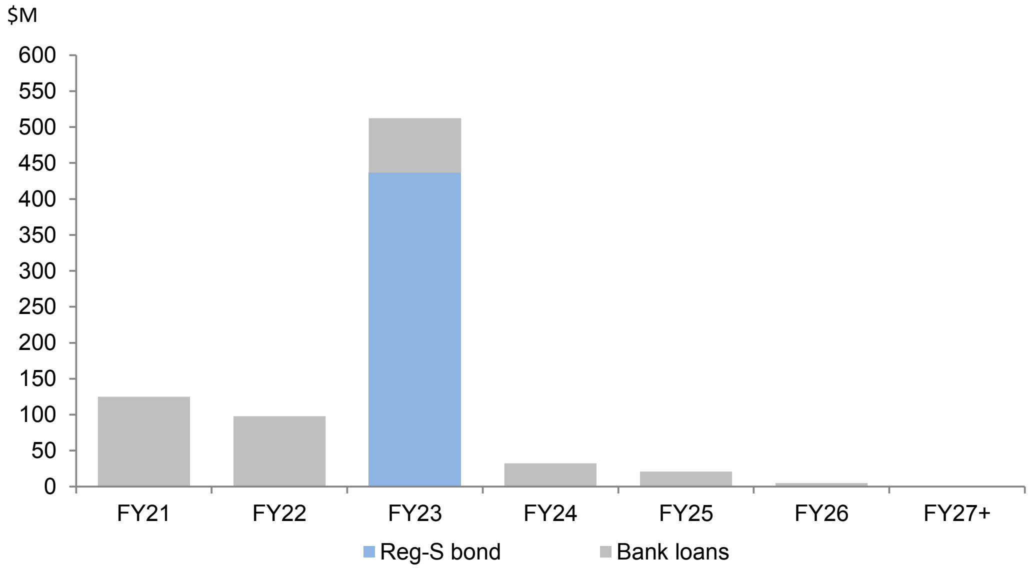
(e) Contractual maturity analysis

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 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	33(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

30 June 2019	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	2,052.0	6.0	6.0	6.0	6.0	54.3	2,130.3
Derivative financial instruments	33(d)	3.7	-	-	-	-	-	3.7
Borrowings								
-Principal		213.1	62.4	124.9	454.0	27.0	75.7	957.1
-Interest		39.2	34.5	31.3	26.5	6.8	35.8	174.1
		252.3	96.9	156.2	480.5	33.8	111.5	1,131.2

16 Borrowings (continued)



(f) Borrowing costs

	Consolidated	
	2020	2019
	$M	$M
Interest and finance charges paid/payable	**34.9**	35.8
Ancillary finance charges	**11.2**	8.4
Provisions: unwinding of discount	**0.9**	2.3
	47.0	46.5
Amount capitalised	**-**	(2.0)
Borrowing costs expensed	**47.0**	44.5

(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

The Group has adopted the new lease accounting standard AASB 16 Leases, effective 1 July 2019. AASB 16 provides a new model for lessee accounting by eliminating the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Refer to note 35(a)(i) for the impact on transition.

(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 and 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 liabilties

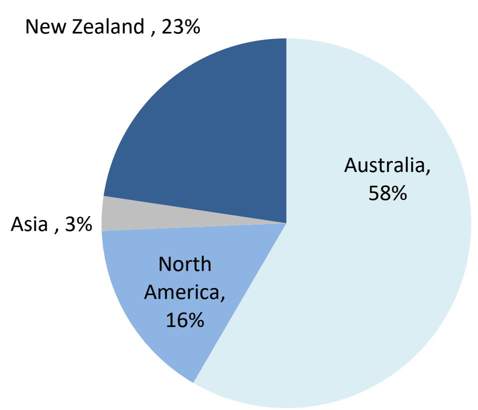
(i) Reconciliation of lease liabilties arising from financing activities

	Consolidated 2020 $M	2019 $M
Balance at the beginning of the year	**120.0**	128.0
Lease recognition AASB 16 at 1 July 2019	**459.5**	-
Cash flows	**(104.7)**	(11.6)
Non-cash changes		
Additions	**62.7**	0.2
Lease terminations	**(1.0)**	-
Foreign Exchange differences	**(0.1)**	3.4
Balance at the end of the year	**536.4**	120.0

(ii) Contractual maturity analysis

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

Lease rentals by geographic region



17 Leases (continued)

(d) Amounts recognised in the profit or loss for leases

	Notes	Consolidated 2020 $M	2019 $M
Depreciation expense on finance leases		**-**	6.5
Depreciation expense on right-of-use assets		**100.8**	-
Interest on lease liabilities (included in finance costs)		**30.0**	12.3
Variable lease rental expense	17(e) (iii)	**25.1**	-
Short term lease rental expense	17(e) (iv)	**3.7**	-
Low value lease rental expense	17(e) (iv)	**3.3**	-
Total expenses		**162.9**	18.8

(e) Recognition and measurement

(i) Definition of a lease
Previously, the Group determined at contract inception whether an arrangement was or contained a lease under AASB 117 Leases and AASB Interpretation 4 'Determining whether an arrangement contains a lease.' The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under AASB 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

(ii) Right-of-use assets
The Group recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.
Cost comprises of the following:

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

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

(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.

17 Leases (continued)

(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 $528.0M. Of this amount, $320.7M relates primarily to property lease extension options beyond 2030.

18 Contributed equity

(a) Share capital

	Parent Entity		Parent Entity	
	2020	2019	**2020**	2019
	Shares	Shares	**$M**	$M
Issued fully paid ordinary shares	**502,632,849**	516,463,073	**3,634.7**	3,832.8

(b) Movements

Date	Details	Note	Number of shares	$M
1 July 2019	**Opening balance**		**516,463,073**	**3,832.8**
	Employee share awards issue	29(a)	3,699,719	16.5
	Share buybacks (c)		(17,529,943)	(220.1)
	Share rights - Tax deduction (d)		-	5.5
30 June 2020	**Balance**		**502,632,849**	**3,634.7**

Date	Details	Note	Number of shares	$M
1 July 2018	**Opening balance**		**546,875,343**	**4,311.2**
	Employee share awards issue	29(a)	5,439,607	17.3
	Share buybacks (c)		(35,851,877)	(510.4)
	Share rights - Tax deduction (d)		-	14.7
30 June 2019	**Balance**		**516,463,073**	**3,832.8**

(c) Share buybacks

The current year shares have been bought back at an average cost of $12.54 (transaction costs of $0.2M). Effective from 24 February 2020, the Company cancelled the on-market share buy-back program due to COVID-19 and is unlikely to initiate further buy-backs until there is a demonstrable improvement in business conditions across its key markets.

(d) 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.

18 Contributed equity (continued)

(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.

	Notes	Consolidated **2020** **$M**	2019 $M
Total borrowings	16	**784.0**	831.8
Lease liabilities	17(c)	**536.4**	120.0
Less: Cash and cash equivalents	15	**(1,399.5)**	(1,644.5)
Net (cash) debt		**(79.1)**	(692.7)
Total equity		**7,039.6**	7,341.5
Total capital		**6,960.5**	6,648.8
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 **2020** **$M**	2019 $M
Hedging (b) (i)	**(14.2)**	-
Share-based payments (b) (ii)	**55.1**	57.6
Foreign currency translation (b) (iii)	**134.0**	128.3
Non-distributable profits (b) (iv)	**40.6**	35.4
Asset realisation (b) (v)	**188.9**	188.9
Asset revaluation (b) (vi)	**(27.9)**	(19.3)
Controlled entity acquisition (b) (vii)	**(21.9)**	(21.9)
	354.6	369.0

19 Reserves (continued)

(a) Movements in reserves

Consolidated - Jun 2020 ($M)	Hedging	Share based payments	Foreign currency translation	Non-Distributable profits	Asset realisation/ revaluation	Controlled entity acquisition	Total
Opening balance	0.0	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**

Consolidated - Jun 2019 ($M)	Hedging	Share based payments	Foreign currency translation	Non-Distributable profits	Asset realisation/ revaluation	Controlled entity acquisition	Total
Opening balance	1.0	62.0	4.0	38.8	188.9	(21.9)	272.8
Net gain (loss) on cash flow hedges	10.0	-	-	-	-	-	10.0
Net gain (loss) on net investments in foreign subsidiaries	-	-	30.2	-	-	-	30.2
Share-based payments expense	-	12.9	-	-	-	-	12.9
Vesting of share awards	-	(17.3)	-	-	-	-	(17.3)
Deferred tax	0.3	-	(9.1)	-	-	-	(8.8)
Transfer to inventory/PP&E	(10.9)	-	-	-	-	-	(10.9)
Transfer to profit and loss	-	-	(7.3)	-	-	-	(7.3)
Transfers from retained profits	-	-	-	(3.5)	-	-	(3.5)
Transfers	(0.4)	-	0.4	-	-	-	-
Investment revaluation	-	-	-	-	(19.3)	-	(19.3)
Exchange fluctuations	-	-	110.2	-	-	-	110.2
Other	-	-	(0.1)	0.1	-	-	-
Closing balance	**0.0**	**57.6**	**128.3**	**35.4**	**169.6**	**(21.9)**	**369.0**

(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.

19 Reserves (continued)

(vi) Asset revaluation reserve
Arises from the investment held by New Zealand Steel Ltd in Steel & Tube Holdings Ltd. Designated changes in fair value are recognised in the asset revaluation reserve (refer to note 22).

(vii) Controlled entity acquisition reserve
Arises from the Group's acquisition of the remaining 40% non-controlling interest in BlueScope Steel (Malaysia) Sdn Bhd and 5% of Lysaght Thailand Ltd and BlueScope Steel Thailand Ltd, adjusted for the subsequent 50% disposal of their additional interests into BlueScope and Nippon Steel and Sumitomo Metal Corporation joint venture establised 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	
	2020	2019
	$M	$M
Final unfranked dividend for 30 June 2019 of 8 cents per fully paid ordinary share paid on 16 October 2019 (2019: 8 cents unfranked).	**41.2**	43.8
Interim unfranked dividend of 6 cents per fully paid ordinary share was paid on 30 March 2020 in relation to the year ended 30 June 2020 (2019: 6 cents unfranked).	**30.3**	32.0
Total dividends paid	**71.5**	75.8

(b) Dividends not recognised at year-end

For the year ended 30 June 2020, the Directors have approved the payment of a final unfranked dividend of 8 cents per fully paid ordinary share. Proposed dividend expected to be paid, but not recognised as a liability at period end, is $40.2M.

(c) Franked dividends

	Parent entity	
	2020	2019
	$M	$M
Actual franking account balance as at the reporting date	**-**	-
Franking credits available for subsequent financial years based on a tax rate of 30%	**-**	-

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.

(c) Recognition and measurement

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the balance sheet date.

GROUP STRUCTURE

This section of the notes provides information which will help users understand how the Group structure affects the financial position and performance of the Group.

21 Business combinations

(a) Summary of acquisitions

(i) In October 2019, New Zealand Steel acquired the remaining 50% of it's 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.

(ii) In April 2019, NS BlueScope Malaysia acquired YKGI Holdings Berhad's (YKGI) manufacturing facility in Klang, Malaysia for a purchase price of $42.0M plus spares. The assets to be utilised comprise a Push-Pull Pickling Line and Cold Rolling Mill and will form part of BlueScope's joint venture operations in South East Asia with NSC.

(b) Purchase consideration - cash outflow

	SteelServ Limited Oct-19 $M	Malaysia Cold Roll Apr-19 $M
Outflow of cash to acquire subsidiaries, net of cash acquired		
Purchase consideration	**7.1**	44.2
Add: Acquisition costs	**0.1**	1.3
Cash consideration	**7.2**	45.5
Less: Cash balances acquired	**0.1**	-
Outflow of cash	**7.1**	**45.5**

(c) Assets acquired and liabilities assumed

	SteelServ Limited Oct-19 $M	Malaysia Cold Roll Apr-19 $M
Assets		
Property, plant and equipment	**11.5**	44.2
Other assets	**9.7**	-
Total assets	**21.2**	44.2
Total liabilities	**6.9**	-
Fair value of net assets and liabilities acquired	**14.3**	44.2
Less: Disposal of existing 50% equity investment	**(5.1)**	-
Less: Gain on disposal of existing 50% equity investment	**(2.1)**	-
Purchase consideration transferred	**7.1**	44.2

22 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 2020, the fair value of the Steel & Tube investment was $15.5M (NZ$16.6M). This resulted in $8.7M (NZ$9.3M) being recorded as a negative asset revaluation reserve.

23 Subsidiaries and non-controlling interests

(a) Investments in subsidiaries

Name of entity	Note	Principal place of business	Equity holding 2020 %	Equity holding 2019 %
Amari Wolff Steel Pty Ltd	(a)	Australia	**100**	100
Australian Iron & Steel Pty Ltd		Australia	**100**	100
BlueScope Building and Construction Ltd	(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 Solutions Holdings Pty Ltd	(a)	Australia	**100**	100
BlueScope Steel (AIS) Pty Ltd		Australia	**100**	100
BlueScope Steel (Finance) Ltd		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 Ltd	(a)	Australia	**100**	100
New Zealand Steel (Aust) Pty Ltd	(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) Ltd		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 Ltd		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 Engineering Systems Sdn Bhd (Malaysia)	(b),(f)	Malaysia	**-**	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 Ltd		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.		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 Ltd		New Zealand	**100**	100
BlueScope Steel Trading NZ Ltd		New Zealand	**100**	100
New Zealand Steel Development Ltd		New Zealand	**100**	100
New Zealand Steel Holdings Ltd		New Zealand	**100**	100
New Zealand Steel Ltd		New Zealand	**100**	100
Pacific Steel (NZ) Limited		New Zealand	**100**	100
SteelServ Limited	(g)	New Zealand	**100**	-

23 Subsidiaries and non-controlling interests (continued)

Name of entity	Note	Principal place of business	Equity holding 2020 %	Equity holding 2019 %
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	(f)	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 Ltd		Taiwan	**80**	80
BlueScope Buildings (Thailand) Ltd		Thailand	**80**	80
NS BlueScope (Thailand) Ltd	(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 Buildings North America Inc		USA	**100**	100
BlueScope Construction 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		USA	**100**	100
BlueScope Steel Holdings (USA) Partnership		USA	**100**	100
BlueScope Steel Investments 2 LLC		USA	**100**	100
BlueScope Steel Investments 3 LLC		USA	**100**	100
BlueScope Steel Investments Inc		USA	**100**	100
BlueScope Steel North America Corporation		USA	**100**	100
BlueScope Steel Technology Inc		USA	**100**	100
BMC Real Estate Inc		USA	**100**	100
BPG Apopka Properties 1 LLC		USA	**100**	100
BPG Laredo 1 LLC	(f)	USA	**-**	100
BPG Laredo 2 LLC	(f)	USA	**-**	100
BPG Milford Township 1 LLC	(e)	USA	**100**	-
BPG Mount Comfort 1 LLC	(e)	USA	**100**	-
BPG Dove Valley 1 LLC	(e)	USA	**100**	-
BPG North Canton 1 LLC		USA	**100**	100
BPG Ocoee 1 LLC	(f)	USA	**-**	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 Ltd		Vietnam	**100**	100
NS BlueScope Lysaght (Vietnam) Ltd	(b)	Vietnam	**50**	50
NS BlueScope Vietnam Ltd	(b)	Vietnam	**50**	50

All subsidiaries incorporated in Australia are members of the BlueScope Steel Limited tax consolidated group. Refer to note 31(d)(ii).

23 Subsidiaries and non-controlling interests (continued)

(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

(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 entities incorporated during the year.

(f) Entities liquidated and deregistered during the year.

(g) In October 2019, New Zealand Steel acquired the remaining 50% of it's steel mill services equity investment in SteelServ Limited (refer to Note 21(a)).

(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	**2020 %**	2019 %
Proportion of equity interest held by non-controlling interests:			
NS BlueScope (Steel) Thailand Ltd	Thailand	**60**	60
Steelscape LLC	USA	**50**	50

	2020 $M	2019 $M
Accumulated balances of material non-controlling interest:		
NS BlueScope (Steel) Thailand Ltd	**170.6**	155.1
Steelscape LLC	**139.3**	150.2
Profit (loss) allocated to material non-controlling interest:		
NS BlueScope (Steel) Thailand Ltd	**12.9**	(28.0)
Steelscape LLC	**(0.6)**	5.0

23 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	
	2020	2019	**2020**	2019
Summarised statement of financial position	**$M**	$M	**$M**	$M
Current assets	**159.8**	196.1	**279.1**	284.8
Non-current assets	**310.8**	319.8	**161.5**	140.7
Total assets	**470.6**	515.9	**440.6**	425.5
Current liabilities	**94.2**	145.4	**99.5**	105.2
Non-current liabilities	**92.1**	112.0	**62.5**	19.9
Total liabilities	**186.3**	257.4	**162.0**	125.1
Net assets	**284.3**	258.5	**278.6**	300.4
Attributable to:				
Owners of BlueScope Steel Limited	**113.7**	103.4	**139.3**	150.2
Non-controlling interests	**170.6**	155.1	**139.3**	150.2

	NS BlueScope (Steel) Thailand Ltd		Steelscape LLC	
	2020	2019	**2020**	2019
Summarised statement of comprehensive income	**$M**	$M	**$M**	$M
Revenue	**467.0**	504.9	**740.6**	777.7
Expenses	**(440.3)**	(501.0)	**(741.9)**	(767.7)
Asset impairment	**-**	(63.8)	**-**	-
Profit (loss) before tax	**26.7**	(59.9)	**(1.3)**	10.0
Income tax (expense)	**(5.2)**	13.3	**-**	-
Profit (loss) after tax	**21.5**	(46.6)	**(1.3)**	10.0
Attributable to non-controlling interests	**12.9**	(28.0)	**(0.6)**	5.0
Dividends paid to non-controlling interest	**-**	2.5	**10.5**	21.6

	NS BlueScope (Steel) Thailand Ltd		Steelscape LLC	
	2020	2019	**2020**	2019
Summarised statement of cash flows	**$M**	$M	**$M**	$M
Cash inflow from operating activities	**73.8**	42.9	**80.9**	26.1
Cash (outflow) inflow from investing activities	**(25.7)**	(38.0)	**(8.4)**	(13.9)
Cash inflow (outflow) from financing activities	**(27.2)**	(5.1)	**(18.8)**	(25.5)
Net increases (decrease) in cash and cash equivalents	**20.9**	(0.2)	**53.7**	(13.3)

24 Investment in associates

	Consolidated 2020 $M	Consolidated 2019 $M
Investment in associates	**0.4**	5.3

Name of entity	Note	Principal place of business	Equity holding 2020 %	Equity holding 2019 %
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
SteelServ Limited	Note 21(a)(i)	New Zealand	**-**	50

(a) Movements in carrying amounts

	Note	Consolidated 2020 $M	Consolidated 2019 $M
Carrying amount at the beginning of year		**5.3**	7.5
Share of (losses) profits after income tax	(i)	**(8.2)**	0.1
Dividends received/receivable		**(0.2)**	(2.1)
Disposal of investment	21(a)(i)	**(5.1)**	(0.3)
Reserve movements		**-**	(0.1)
Transfers	(i)	**8.7**	-
Currency fluctuation		**(0.1)**	0.2
Carrying amount at the end of the year		**0.4**	5.3

(i) As at 30 June 2020, a $8.7M provision has been recognised for exit cost on the BlueScope's 30% investment in the Saudi Building business.

(b) Contingent assets and liabilities relating to associates

There were no contingent assets and liabilities relating to investments in associates.

(c) Recognition and measurement

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates in the consolidated financial statements reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

25 Investment in joint ventures

	Consolidated	
	2020	2019
	$M	$M
Interest in joint venture partnerships	**89.3**	85.1

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	
	2020	2019
	$M	$M
Carrying amount at beginning of year	**85.1**	65.2
Share of profit after income tax	**11.0**	16.3
Reserve movements	**-**	(0.1)
Exchange fluctuations	**(6.8)**	3.7
Carrying amount at the end of the year	**89.3**	85.1

(b) Summarised financial information

	Tata BlueScope Steel	
	2020	2019
	$M	$M
Summarised statement of financial position		
Cash and cash equivalents	**93.1**	10.1
Other current assets	**65.2**	119.8
Non-current assets	**150.7**	175.6
Total assets	**309.0**	305.5
Current borrowings	**-**	0.3
Other current liabilities	**72.2**	69.8
Non-current borrowings	**43.6**	61.9
Other non-current liabilities	**14.6**	3.4
Total liabilities	**130.4**	135.4
Net assets	**178.6**	170.1
Proportion of the Group's ownership (%)	**50.0**	50.0
Carrying amount of the investment	**89.3**	85.1

	Tata BlueScope Steel	
	2020	2019
	$M	$M
Summarised statement of comprehensive income:		
Revenues	**332.9**	416.9
Expenses	**(275.5)**	(353.9)
Depreciation and amortisation expense	**(13.4)**	(10.5)
Net finance costs	**(1.0)**	(6.7)
Profit before income tax	**43.0**	45.8
Income tax (expense) benefit	**(21.0)**	(13.2)
Profit after income tax	**22.0**	32.6
Group's share of profit for the year	**11.0**	16.3
Group's share of capital commitments	**0.5**	0.4

25 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 (2019: $5.8M).

Taxation
TBSL has direct and indirect tax computations which have been submitted but not agreed by the relevant authorities. TBSL has provided for the amount of tax it expects to pay taking into account professional advice it has received. The matters currently in dispute could result in amendments to the original computations. BlueScope's 50% share of the potential amendments is $5.4M (2019: $6.2M).

(d) Secured liabilities and assets pledged as security

The Tata BlueScope Steel borrowings totalling $43.6M (2019: $62.2M) 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.

26 Discontinued operations

(a) Description

(i) New Zealand Steel Mining Ltd
The Taharoa New Zealand Steel Mining business was sold on 1 May 2017. During the year, $3.7M was received for final working capital adjustment.

(ii) Buildings ASEAN
Buildings ASEAN has been included as part of discontinued operations following management's decision to close the business on 12 March 2018.

26 Discontinued operations (continued)

(b) Financial performance of discontinued operations

	Consolidated							
	2020				2019			
	Taharoa Mining $M	Buildings ASEAN $M	Other $M	Total $M	Taharoa Mining $M	Buildings ASEAN $M	Other $M	Total $M
Revenue	**-**	**-**	**-**	**-**	-	13.3	-	13.3
Other income	**2.8**	**-**	**1.2**	**4.0**	3.3	0.7	-	4.0
Impairment of non-current assets	**-**	**-**	**-**	**-**	-	(0.2)	-	(0.2)
Other expenses	**(6.6)**	**(1.8)**	**(0.3)**	**(8.7)**	(2.9)	(18.4)	(0.7)	(22.0)
Profit (loss) before income tax	**(3.8)**	**(1.8)**	**0.9**	**(4.7)**	0.4	(4.6)	(0.7)	(4.9)
Income tax expense	**-**	**(0.1)**	**-**	**(0.1)**	-	(0.1)	-	(0.1)
Profit (loss) after income tax from discontinued operations	**(3.8)**	**(1.9)**	**0.9**	**(4.8)**	0.4	(4.7)	(0.7)	(5.0)
Outside equity interest in discontinued net profit/(loss)	**-**	**(0.1)**	**-**	**(0.1)**	-	0.1	-	0.1
Profit (loss) after income tax from discontinued operations attributable to owners of BlueScope Steel Limited	**(3.8)**	**(1.8)**	**0.9**	**(4.7)**	0.4	(4.8)	(0.7)	(5.1)

The results from discontinued operations are required to be presented on a consolidated basis. Therefore, the impact of intercompany sales, profit in stock eliminations, intercompany interest income and expense and intercompany funding have been excluded. The profit attributable to the discontinued segment is not affected by these adjustments. As a result of these adjustments the discontinued operations result does not represent the operations as stand-alone entities.

(c) Cash flow information - discontinued operations

The net cash flows of discontinued operations held are as follows:

	Consolidated							
	2020				2019			
	Taharoa Mining $M	Buildings ASEAN $M	Other $M	Total $M	Taharoa Mining $M	Buildings ASEAN $M	Other $M	Total $M
Net cash inflow (outflow) from operating activities	**(0.8)**	**(0.4)**	**0.8**	**(0.4)**	(2.9)	(2.9)	(0.7)	(6.5)
Net cash inflow (outflow) from investing activities	**-**	**-**	**-**	**-**	-	1.3	-	1.3
Net cash inflow (outflow) from financing activities	**-**	**-**	**-**	**-**	-	0.8	-	0.8
Net increase in cash generated by the operation	**(0.8)**	**(0.4)**	**0.8**	**(0.4)**	(2.9)	(0.8)	(0.7)	(4.4)

UNRECOGNISED ITEMS

27 Contingencies

(a) Contingent liabilities

The Group had contingent liabilities at 30 June 2020 in respect of:

(i) Outstanding legal matters
(i) As announced to the market in August and October 2019, the ACCC has commenced civil proceedings against BlueScope and one of its former employees in the Federal Court of Australia, alleging contraventions of the Australian competition law cartel provisions. The Commonwealth Director of Public Prosecutions (CDPP) has determined not to commence criminal cartel proceedings against either BlueScope or the former employee but has laid criminal obstruction charges against the former employee.

In December 2019, the Statement of Claim was filed by the ACCC in the Federal Court in its civil proceedings against BlueScope and the former employee. BlueScope filed its Defence to the ACCC civil proceedings in March 2020. 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. BlueScope is strongly defending the proceedings which are ongoing.

(ii) On 12th November 2019 BlueScope advised the market that legal proceedings in New Zealand against one of its subsidiaries, Toward Industries Limited (Toward), were discontinued by the plaintiff, a special purpose vehicle called NZ Iron Sands Holdings Limited (NZIS).

27 Contingencies (continued)

The proceedings were initially announced to the market on 30th August 2017 and related to NZIS' failed attempt to buy Toward's Taharoa iron sands mining business. NZIS discontinued the entire legal proceedings and Toward agreed to pay a small amount of NZIS' legal costs. BlueScope's costs associated with proceedings, totaling $4.9M, have been recorded within discontinued operations.

In addition, there was a range of outstanding legal matters that were contingent on court decisions, arbitration rulings and private negotiations to determine amounts required for settlement. The Group does not believe that any adverse outcomes would have a material effect on the financial statements.

(ii) Guarantees
In Australia, BlueScope Steel Limited has provided $73.6M (2019: $87.6M) in guarantees to various state workers compensation authorities as a prerequisite for self-insurance. An amount, net of recoveries, of $57.5M (2019: $51.1M) 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 2020 totalled $112.7M (2019: $86.9M).

(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 2020.

28 Events occurring after balance date

In July 2020, the Group restructured its receivables securitisation program, including reducing its capacity by $100.0M (refer note 6 for a description of the Groups securitisation programs).

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.

29 Share-based payments

(a) Share award schemes

(i) STI share award
The Board approved the annual FY2020 STI profit share plan (PSP) 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 2020.

(ii) The Long Term Incentive Plan
The Long Term Incentive Plan (LTIP) is a program determined annually by the Board, which awards share rights to eligible senior management of BlueScope Steel Limited. LTIPs are designed to 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.

29 Share-based payments (continued)

The share rights available for exercise are contingent on the Group's Total Shareholder Return (TSR) percentile ranking relative to the TSR of companies in the S&P/ASX 100 index at the reward grant date or a compound annual growth rate of Earnings per Share (EPS) condition. Share rights that fail to meet performance vesting conditions will lapse upon the LTIP's 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) Alignment Rights (AR) Plan
The 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.

(b) Fair value of share rights granted

The fair value of the share rights granted during the year ended 30 June 2020 are as follows:

Fair Value inputs	FY2020 STI/PSP award	FY2020 AR plan	FY2020 Retention rights	FY2020 Retention rights
Grant date	2-Dec-19	2-Dec-19	18-Dec-19	11-May-20
Vesting date	30-Jun-20	30-Jun-22	30-Jun-22	30-Jun-22
Share rights granted	279,820	1,394,505	50,154	22,010
Fair value estimate at grant date ($)	14.79	14.51	14.90	9.81
Cash rights (i)	-	53,250	-	-
Valuation date share price ($)	14.87	14.87	15.25	10.07
Expected dividend yield (%)	0.92	0.96	0.92	1.2
Expected risk-free interest rate (%)	0.77	0.69	0.74	0.22
Expected share price volatility (%)	35.00	35.00	35.00	35.00

(i) The cash 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/PSP (CEO, KMP & Senior management)	LTIP/AR (CEO, KMP & Senior management)	Deferred equity/Retention (Senior management)
Outstanding at the beginning of the year	67,038	4,975,051	669,198
Granted during the year	279,820	1,447,755	72,164
Exercised during the year	(67,038)	(3,032,324)	(657,187)
Lapsed during the year	-	(96,774)	(12,011)
Outstanding at the end of the year	279,820	3,293,708	72,164
Exercisable at the end of the year	-	-	-

(i) The average share price for the year ended 30 June 2020 was $12.46 (2019: $14.13).The weighted average remaining contractual life of share rights outstanding at the end of the period was 1 year (2019: 1 year).

29 Share-based payments (continued)

(d) Expense arising from share-based payment transactions

	Consolidated	
	2020	2019
	$M	$M
Employee share rights expense	**14.0**	12.9
Employee share awards expense	**-**	0.6
Total net expense arising from share-based payments	**14.0**	13.5

(e) Recognition and measurement

Equity settled transactions
The fair value of equity settled awards is recognised as an employee benefit expense with a corresponding increase to the share based payments reserve within equity. The amount to be expensed is determined by reference to the fair value of the share awards or share rights granted, which includes any market performance conditions but excludes the impact of non-market performance vesting conditions.

The fair value of equity settled awards at grant date is independently determined by an external valuer using Black-Scholes option pricing model that includes a Monte Carlo simulation analysis, which takes into account the exercise price, the term of the share right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the share right.

Non-market vesting conditions are included in assumptions about the number of share awards or share rights that are expected to vest. The expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are expected to be satisfied. At the end of each period, the entity revises its estimates of the number of share awards and share rights that are expected to vest based on non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the expected vesting period has expired and the number of rights that are expected to ultimately vest. This number is based on the best available information at the reporting date. No expense is recognised for awards that do not ultimately vest due to a performance condition not being met, except for share rights where vesting is only conditional upon a market condition. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Upon the exercise of equity settled share awards, the balance of the share-based payments reserve relating to those rights and awards is transferred to share capital. The dilutive effect, if any, of outstanding rights is reflected as additional share dilution in the computation of diluted earnings per share.

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.

30 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	
	2020	2019
	$'000	$'000
Short-term employee benefits	**10,805.8**	9,441.8
Post-employment and other long-term benefits	**443.4**	411.4
Share-based payments	**6,749.6**	3,910.3
	17,998.7	13,763.4

30 Related party transactions (continued)

(c) Transactions with other related parties

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

	Consolidated	
	2020 $M	2019 $M
Sales of goods and services		
Sales of goods to associates	**1.9**	3.6
Interest revenue		
Interest revenue	**-**	0.1
Superannuation contributions		
Contribution to superannuation funds on behalf of employees	**109.4**	223.4

(d) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties other than key management personnel:

	Note	Consolidated	
		2020 $M	2019 $M
Current receivables (sales of goods and services)			
Associates		**0.2**	0.8
Current receivables (loans)			
Associates	6	**-**	1.3
Current payable (purchase of goods and services)			
Associates		**-**	3.4

(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 31(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 (2019: $1.6M). 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 $25,089, including freight and GST (June 19: $58,672). 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.

31 Parent entity financial information

(a) Summary financial information

Summarised Statement of comprehensive income

	2020 $M	2019 $M
Revenue	**3,169.6**	3,211.9
Other Income	**0.4**	(2.5)
Net impairment (expense) of non-current assets	**(22.2)**	(506.9)
Finance costs	**(73.6)**	(97.8)
Other expenses	**(3,160.1)**	(2,252.6)
Net loss (profit) before income tax	**(85.9)**	352.1
Income tax benefit	**13.6**	48.2
Net (loss) profit for the year	**(72.3)**	400.3
Other comprehensive loss for the year	**(10.7)**	-
Total comprehensive (loss) income for the year	**(83.0)**	400.3

Summary of movements in retained losses

	2020 $M	2019 $M
Retained losses at the beginning of the year	**(1,523.9)**	(1,523.5)
Net profit (loss) for the year	**(72.3)**	400.3
Transfer to profits reserve	**-**	(400.3)
AASB 16/AASB 9 accounting policy changes, net of tax	**(12.5)**	(0.4)
Retained losses at the end of the year	**(1,608.7)**	(1,523.9)

Summarised Statement of financial position

	2020 $M	2019 $M
Assets		
Current assets	**3,627.8**	4,004.8
Non-current assets	**2,916.0**	2,865.9
Total assets	**6,543.8**	6,870.7
Liabilities		
Current liabilities	**2,214.8**	2,252.5
Non-current liabilities	**154.9**	77.3
Total liabilities	**2,369.7**	2,329.8
Net assets	**4,174.1**	4,540.9
Equity		
Contributed equity	**3,634.7**	3,832.8
Share-based payments reserve	**48.4**	50.1
Hedge reserve	**(10.7)**	-
Profits reserve	**2,110.4**	2,181.9
Retained losses	**(1,608.7)**	(1,523.9)
Total equity	**4,174.1**	4,540.9

Profits reserve

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

31 Parent entity financial information (continued)

(b) Guarantees entered into by the parent entity

In Australia, the parent entity has given $73.6M (2019: $87.6M) 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 (32). Additionally, the parent entity has provided financial guarantees in respect to subsidiaries amounting to:

	Parent entity	
	2020	2019
	$M	$M
Bank overdrafts and loans of subsidiaries	**1,277.8**	571.4
Other loans (unsecured)	**436.6**	428.2
Trade finance facilities	**218.3**	214.1
	1,932.7	1,213.7

(c) Capital commitments

As at 30 June 2020, the parent entity had capital commitments of $19.6M (2019: $10.0M). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

(d) Recognition and measurement

The financial information for the parent entity BlueScope Steel Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investment in subsidiaries
Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the financial statements of BlueScope Steel Limited.

(ii) Tax consolidation legislation
BlueScope Steel Limited and its wholly-owned Australian controlled entities have entered into a tax sharing and funding agreement in relation to their participation in the tax consolidation regime. Under the terms of this agreement, the wholly-owned entities reimburse BlueScope Steel Limited for any current tax payable assumed and are compensated by BlueScope Steel Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to BlueScope Steel Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from BlueScope Steel Limited, which is issued as soon as practicable after the end of each financial year. BlueScope Steel Limited may require payment of interim funding amounts to assist with its obligations to pay tax instalments.

The tax sharing agreement limits the joint and several liability of the wholly-owned entities in the case of a default by BlueScope Steel Limited. At balance date, the possibility of default is considered remote.

The tax consolidated group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group. Intercompany receivables of $88.4M (2019: $196.5M) and intercompany payables of $4.4M (2019: $4.2M) of BlueScope Steel Limited have been recognised as a tax consolidated adjustment.

32 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 Solutions 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	2020 $M	2019 $M
Revenue	**3,977.0**	4,086.1
Other income	**0.5**	2.7
Changes in inventories of finished goods and work in progress	**(17.9)**	(30.0)
Raw materials and consumables used	**(2,686.4)**	(2,850.4)
Employee benefits expense	**(556.7)**	(578.7)
Depreciation and amortisation expense	**(119.0)**	(70.6)
Net impairment write-back of non-current assets	**4.8**	521.7
Freight on external despatches	**(260.2)**	(240.6)
External services	**(241.3)**	(287.7)
Finance costs	**(81.3)**	(101.1)
Other expenses from ordinary activities	**(82.7)**	(106.7)
Profit (loss) before income tax	**(63.2)**	344.7
Income tax benefit	**14.7**	47.4
Net profit (loss) for the year	**(48.5)**	392.1
Other comprehensive loss for the year	**(11.1)**	-
Total comprehensive income (loss) for the year	**(59.6)**	392.1

Summary of movements in consolidated retained losses	2020 $M	2019 $M
Retained losses at the beginning of the year	**(1,486.5)**	(1,477.4)
Net profit (loss) for the year	**(48.5)**	392.1
Transfer to profits reserve	**-**	(400.3)
AASB 16/AASB 9 accounting policy changes, net of tax	**(26.6)**	(0.9)
Retained losses at the end of the year	**(1,561.6)**	(1,486.5)

32 Deed of cross - guarantee (continued)

(b) Statement of financial position

	2020 $M	2019 $M
Current assets		
Cash and cash equivalents	**0.3**	0.3
Trade and other receivables	**3,505.9**	3,896.7
Contract assets	**1.0**	1.6
Inventories	**581.4**	577.4
Deferred charges and prepayments	**15.3**	15.4
Total current assets	**4,103.9**	4,491.4
Non-current assets		
Trade and other receivables	**8.4**	8.4
Inventories	**25.2**	19.6
Other financial assets	**1,538.2**	1,533.4
Property, plant and equipment	**672.4**	635.1
Right-of-use assets	**184.9**	-
Deferred tax assets	**434.2**	481.9
Intangible assets	**19.0**	23.4
Deferred charges and prepayments	**7.2**	-
Total non-current assets	**2,889.5**	2,701.8
Total assets	**6,993.4**	7,193.2
Current liabilities		
Trade and other payables	**608.4**	638.4
Borrowings	**1,660.9**	1,696.4
Lease liabilities	**47.8**	0.5
Provisions	**163.1**	172.9
Contract liabilities	**12.1**	6.6
Total current liabilities	**2,492.3**	2,514.8
Non-current liabilities		
Trade and other payables	**32.4**	25.3
Lease liabilities	**191.7**	17.6
Provisions	**55.1**	55.9
Deferred income	**1.1**	1.2
Total non-current liabilities	**280.3**	100.0
Total liabilities	**2,772.6**	2,614.8
Net assets	**4,220.8**	4,578.4
Equity		
Contributed equity	**3,634.7**	3,832.8
Share-based payments reserve	**48.4**	50.1
Hedging reserve	**(11.1)**	0.1
Profits reserve	**2,110.4**	2,181.9
Retained losses	**(1,561.6)**	(1,486.5)
Total equity	**4,220.8**	4,578.4

33 Financial instruments and risk

(a) Financial assets and liabilities

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	22	**-**	**15.5**	**-**	**-**	**15.5**
Derivative financial instruments	33(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	33(d)	**-**	**-**	**(27.7)**	**-**	**(27.7)**
		1,129.1	**15.5**	**(20.0)**	**(3,058.8)**	**(1,934.2)**

30 June 2019	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	1,234.3	-	-	-	1,234.3
Equity investment	22	-	24.7	-	-	24.7
Derivative financial instruments	33(d)	-	-	13.8	-	13.8
		1,234.3	24.7	13.8	-	1,272.8
Financial liabilities						
Payables	9	-	-	-	(2,130.3)	(2,130.3)
Borrowings	16	-	-	-	(711.8)	(711.8)
Lease liabilities	17(c)	-	-	-	(120.0)	(120.0)
Derivative financial instruments	33(d)	-	-	(3.7)	-	(3.7)
		1,234.3	24.7	10.1	(2,962.1)	(1,693.0)

(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.

33 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 (2020: $314.1M, 2019: $408.9M) and investments in cash and cash equivalents (2020: $1,399.5M, 2019: $1,644.5M).	Sensitivity analysis	The profit impact from a reasonably possible movement in interest rates (+/- 50 basis points) is +/- $4.1M net of tax.
Commodity price risk	International steel prices (primarily hot rolled coil and slab), and commodity prices including iron ore, coal, scrap, zinc, aluminium, electricity and brent oil.	Sensitivity analysis	Forward commodity contracts as disclosed in note (c). The equity impact from a reasonably possible movement in brent oil prices (+/- 20 %) is +/- $10M 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.

33 Financial instruments and risk (continued)

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

	Consolidated	
	2020	2019
	$M	$M
Cash and cash equivalents	**18.1**	376.6
Trade and other receivables	**35.6**	65.1
Commodity option	**7.6**	10.7
Financial assets	**61.3**	452.4
Trade and other payables	**77.7**	234.9
Borrowings	**61.8**	72.8
Forward foreign exchange contracts	**1.6**	1.5
Forward commodity contracts	**20.1**	-
Financial liabilities	**161.2**	309.2
Net exposure	**(99.9)**	143.2

	Post-tax profit higher (lower)		Equity higher (lower)	
Judgement of reasonably possible movements:	**2020**	2019	**2020**	2019
	$M	$M	**$M**	$M
A$/US$ + 10% (2019: +10%)	**7.2**	(7.9)	**7.2**	(7.9)
A$/US$ - 10% (2019: -10%)	**(9.4)**	9.1	**(9.4)**	9.1

(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	
	2020	2019
	$M	$M
Forward foreign exchange contracts - cash flow hedges (i)	**0.1**	1.5
Commodity option - non-current asset (iii)	**7.6**	10.7
Solar PPA - non-current asset (iv)	**-**	1.6
Financial assets	**7.7**	13.8
Forward foreign exchange contracts - cash flow hedges (i)	**1.6**	3.7
Solar PPA - non-current liability (iv)	**6.0**	-
Forward commodity contracts - cash flow hedges (ii)	**20.1**	-
Financial liabilities	**27.7**	3.7
Net exposure	**(20.0)**	10.1

(i) Forward foreign exchange contracts
The Group has entered into forward foreign exchange contracts designated as cash flow hedges relating to foreign currency sales and purchases, plant and equipment purchases and hedging of net working capital exposures. For the cash flow hedges relating to future commitments not recognised in the statement of financial position the effective portion of gains and losses are recognised directly in equity. Otherwise they are being marked to market through the profit and loss in line with the Group's risk management strategy.

(ii) Forward commodity contracts
In September 2019, the Group entered into a Gas Supply Agreement with Esso Australia for its Australian business from 1 January 2021 to 31 December 2025, with the contract price linked to Brent Oil in US dollars. Given exposure to a variable Brent Oil price, 95% of the first three year's exposure has been hedged. Both of these forward contracts have been designated as cash flow hedges with the effective portion of gains and losses recognised directly in equity.

(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.

33 Financial instruments and risk (continued)

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$5.3M as at 30 June 2020 (June 2019: US$7.5M). 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 $4M.

(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 far 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 2020 PPA derivative payable was valued at $6.0M (June 2019: Derivative receivable $1.6M). The decrease in fair value is primarily driven by a reduction 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:

	2020		2019	
	Carrying amount $M	Fair value $M	Carrying amount $M	Fair value $M
Non-traded financial liabilities				
Other loans	**436.6**	**490.7**	428.2	471.6
Net assets (liabilities)	**(436.6)**	**(490.7)**	(428.2)	(471.6)

The fair value of interest bearing financial liabilities where no market exists is based upon discounting the expected future cash flows by the current market interest rates on liabilities with similar risk profiles that are available to the Group (level 3).

Valuation of financial instruments
(i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
(ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (i.e. derived from prices); and
(iii) Level 3 - inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Derivatives valued using valuation techniques with market observable inputs are primarily foreign exchange forward contracts and commodity forward contracts. These valuations reference forward pricing using present value calculations. The forward price incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, and forward rate curves of the underlying commodity. The fair value of forward commodity exchange contracts and forward foreign exchange contracts are considered level 2 valuations (note 33(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.

33 Financial instruments and risk (continued)

(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.

34 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	
	2020	2019
	$'000	$'000
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	**2,620**	2,622
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm		
- Debt refinancing	**283**	-
- Environmental compliance	**30**	28
Fees for other services		
- Tax compliance	**53**	103
- Advisory related	**162**	166
Total fees to Ernst & Young (Australia)	**3,148**	2,919
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	**2,855**	2,368
Fees for other services		
- Tax compliance	**64**	70
Total fees to overseas member firms of Ernst & Young (Australia)	**2,919**	2,438
Total auditor's remuneration	**6,067**	5,357

35 Other accounting policies

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

(i) AASB 16 Leases (effective 1 July 2019)
AASB 16 replaced AASB 117 Leases and AASB Interpretation 4 'Determining whether an arrangement contains a lease'. AASB 16 introduced a single, on balance sheet accounting model for lessees. The Group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparatives have not been restated.

The Group leases assets, including properties, plant machinery and equipment. Previously, these leases were classified as operating or finance leases based on an assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group has recognised right-of-use assets and lease liabilities for these leases, except for short-term and low value leases (refer to note 17(e)(iv)). In addition, there were contracts that were reassessed as leases, primarily relating to transport and utility contracts.

As at 1 July 2019, the lease liabilities were measured at the present value of the remaining lease payments, discounted at the lessees incremental borrowing rate. The weighted average borrowing rate was 4.42%.

Right-of-use assets were measured at either:
- Their carrying amount as if AASB 16 has been applied since commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application - the Group has applied this approach to the majority of its leases where historical cash flows were able to be obtained.
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments - the Group has applied this approach to only a few property leases.

Any onerous lease provisions recognised as at 30 June 2019 have been adjusted against the carrying amounts of the right-of-use asset as at 1 July 2019 as an alternative to performing an impairment review.

The Group used the following practical expedients when applying AASB 16:
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases of low value (underlying asset value <$10,000 when brand new);
- Excluded initial direct costs from measuring the right-of-use asset at transition; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact on financial statements

(i) Impact on segment and consolidated net assets on transition

1 July 2019	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
Impact on segment assets							
Right-of-use assets	264.1	15.6	54.6	17.0	88.7	-	440.0
Decrease in property, plant and equipment	(17.5)	(0.1)	(6.8)	-	(45.2)	-	(69.6)
Decrease in prepayments	(0.2)	-	(1.6)	-	-	-	(1.8)
Investment in Associates and Joint Venture Partnerships	-	-	(0.1)	-	-	-	(0.1)
Impact on segment liabilities							
Decrease in creditors/liabilities	3.8	-	11.9	1.7	-	-	17.4
Net segment asset increase	**250.2**	**15.5**	**58.0**	**18.7**	**43.5**	**-**	**385.9**

35 Other accounting policies (continued)

	Consolidated 1 July 2019 $M
Increase in net segment assets	385.9
Increase in lease liabilities	(459.6)
Increase in deferred tax assets	20.3
Corporate operations right-of-use asset	1.7
Corporate operations decrease in creditors/liabilities	0.4
Decrease in total net assets	**(51.3)**

	Consolidated 1 July 2019 $M
Operating lease commitments at 30 June 2019 as disclosed in the Group's consolidated financial statements:	**525.9**
Recognition exemption for:	
Low value leases	(12.8)
Short term leases	(1.1)
Adjustments to rentals and contract terms	34.8
Contracts reassessed as leases	9.2
Undiscounted lease commitments	556.0
Effect from discounting at incremental borrowing rate as at 1 July 2019 (4.42%)	(96.4)
Additional lease liability recognised as at 1 July 2019	**459.6**

(ii) Impact on segment EBIT and consolidated net profit after tax

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
Decrease in rental payments	75.2	4.4	17.6	8.3	7.2	-	112.7
Increase in depreciation expense	(59.5)	(3.5)	(15.3)	(6.9)	(9.2)	-	(94.4)
Net segment EBIT increase (decrease)	**15.7**	**0.9**	**2.3**	**1.4**	**(2.0)**	**-**	**18.3**

	Consolidated 2020 $M
Segment EBIT increase	18.3
Increase in interest expense	(19.0)
Corporate operations	0.4
Decrease in profit before tax	(0.3)
Increase in income tax expense	(1.1)
Decrease in profit after tax	**(1.4)**

(iii) Impact on consolidated statement of cash flows

	Consolidated 2020 $M
Decrease in operating lease payments [(1)]	(113.8)
Increase in interest paid	19.0
Net increase in cash flows from operating activities	**(94.8)**
Payment of principal portion of lease liabilities [(2)]	(94.8)
Decrease in cash flows from financing activities	**(94.8)**

[(1)] Included in 'payment to suppliers and employees' in the consolidated statement of cash flows
[(2)] Excludes pre-existing finance leases

35 Other accounting policies (continued)

(iv) Impact on consolidated net cash and total equity

	Consolidated		
	30 June 2020 $M	1 July 2019 $M	30 June 2019 $M
Total borrowings (Includes lease liabilities)	1,320.4	1,411.4	951.8
Less: Cash and cash equivalents	(1,399.5)	(1,644.5)	(1,644.5)
Net (cash) debt	(79.1)	(233.1)	(692.7)
Total equity	7,039.6	7,290.2	7,341.5
Total capital	**6,960.5**	**7,057.1**	**6,648.8**
Gearing ratio	**0.0%**	**0.0%**	**0.0%**

(ii) AASB Interpretation 23 – Uncertainty over income tax treatments (effective 1 July 2019)
AASB 23 Interpretation clarifies the application of recognition and measurement requirements in AASB 112 *Income Taxes* when there is uncertainty over income tax treatments and removes most of the choice about how to reflect uncertain tax positions in the financial statements. A full assessment of the amendments to the standard has not resulted in any material adjustments.

(iii) AASB 2018-2 Amendments to AASs - Plan Amendment, Curtailment or Settlement (effective 1 July 2019)
This standard amends AASB 119 Employee Benefits to specify how an entity accounts for defined benefit plans when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments:

- Require entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after such an event occurs.
- Clarify that when such an event occurs, an entity recognises the past service cost or a gain or loss on settlement separately from its assessment of the asset ceiling. This clarification provides that entities might have to recognise a past service cost, or a gain or loss on settlement, that reduces a surplus not previously recognised. Changes in the effect of the asset ceiling are not netted with such amounts.

The Group has applied these amendments with accounting for the closure of the North America defined benefit plan (note 11(b)).

(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 2020 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

(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. These amendments are not expected to have any material impact on the Group's hedging activities and 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. These amendments are not expected to have any significant impact on the Group's current criteria of 'materiality' principles.

35 Other accounting policies (continued)

(iii) AASB 2020-1 Amendments to AASs- Classification of Liabilities as Current or Non-current (effective 1 July 2022)
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 signifcant impact on the Group's current classification of current and non-current liabilities.

(c) Foreign currency translation

(i) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(ii) Foreign operations
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold, a proportionate share of such exchange differences is reclassified to profit or loss as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(d) Other taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Directors' Declaration

BLUESCOPE STEEL LIMITED
FOR THE YEAR ENDED 30 JUNE 2020

In the Directors' opinion:

(a) the financial statements and notes set out on pages 1 to 68 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 2020 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 32 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 32.

(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

MVassella

M Vassella
Managing Director & CEO

Melbourne
17 August 2020

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Building a better working world

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 2020, 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 2020 and of its consolidated financial performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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

Why significant	How our audit addressed the key audit matter
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. The Group recorded an impairment charge during the financial year relating to the assets of the New Zealand and Pacific Islands CGU totaling $156m. This impairment charge was recorded due to deterioration in future forecast earnings triggered by current year performance. There remains a risk that any further deterioration in macroeconomic factors or a failure to achieve business initiatives, could result in additional impairment charges in future periods. At 30 June 2020, the Cash Generating Units (CGUs) with significant goodwill balances include North Star BlueScope Steel (goodwill balance of $968m) and Buildings North America (goodwill balance of $319m). The CGU with a significant PPE balance is Australian Steel Products (PPE balance of $2,264m). 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 and coal pricing 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. Note 14 also comments on the impact of the COVID-19 pandemic on the Group and its approach to forecasting recovery.	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 2020, 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 COVID-19 recovery assumptions for CGUs negatively impacted by COVID-19 • 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 EBIDTA multiples against comparable companies as a valuation cross check • Tested the mathematical accuracy of the discounted cash flow model. We performed 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.

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Why significant	How our audit addressed the key audit matter
	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).

2. Adoption of AASB 16 Leases

Why significant	How our audit addressed the key audit matter

The 30 June 2020 financial year was the first year of adoption of AASB16 Leases. The Group holds a significant volume of leases by number and value over properties and plant & equipment (as lessee).
 	
Note 35 describes the accounting for the transition and Note 17 describes the accounting policy for leases on an ongoing basis. Upon transition, lease liabilities of $459m and right-of-use assets of $372m were recognised.
 	
The volume of leases and the quantitative impact of the transition adjustments make the impact of this new standard significant to the financial statements of the Group. In addition, the complexity in the modelling of the accounting impact for the leases including the calculation of the incremental borrowing rate, judgements involved in the treatment of extension options and judgements involved in assessing whether the Group's arrangements contain a lease were considered significant.
 	
Given the financial significance to the Group of its leasing arrangements, the complexity and judgements involved in the adoption of AASB16, and the transition requirements of this new accounting standard, this was considered to be a key audit matter.
	Our audit procedures included the following:
	• Assessed whether the Group's new accounting policies as set out in Note 35, satisfied the requirements of AASB16 including the adoption of any practical expedients utilised by the Group as part of the transition process
	• Assessed key judgements made by the Group such as whether contractual arrangements contain a lease and on determining the lease term to be adopted with consideration of extension options
	• Tested the mathematical accuracy of the Group's lease calculation model used
	• For a sample of leases, we agreed the Group's inputs in the lease calculation model in relation to those leases; such as key dates, fixed and variable rent payments, extension options and incentives, to the relevant terms of the underlying signed lease agreements
	• Assessed whether the Group had included all of its material leases taking into consideration the modified retrospective transition approach and practical expedients adopted by the Group by:
	    o Assessment of the reconciliation of the operating lease commitments disclosure in the prior year financial statements to the transition disclosures; and
	    o inspecting relevant expense accounts for routine payments during the year to identify the existence of leases not included in the Group's listing of leases
	• Assessed the appropriateness of incremental borrowing rates used by the Group to discount future lease payments to present value
	
	We assessed the adequacy of the Group's transition and new lease accounting policy disclosures for compliance with AASB16.

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 Group's 2020 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- 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.

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 50 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of BlueScope Steel Limited for the year ended 30 June 2020, 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
17 August 2020

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Section

03

Extended financial history

10 Year Financial History

A$M unless marked; years ended 30 June		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Income Statement Key Items											
Total Revenue[1]		9,134	8,622	7,290	8,007	8,572	9,203	10,758	11,578	12,586	11,324
EBITDA[2] - Reported		(687)	(489)	339	430	640	1,010	1,425	1,840	1,754	844
- Underlying		254	101	391	538	663	963	1,484	1,645	1,761	1,099
EBIT[2] - Reported		(1,043)	(820)	23	102	297	622	1,045	1,463	1,341	310
- Underlying		(91)	(219)	77	217	326	582	1,105	1,269	1,348	564
NPAT - Reported		(1,054)	(1,044)	(107)	(82)	136	354	716	1,569	1,016	97
- Underlying		(110)	(228)	(2)	77	161	307	652	826	966	353
Segment underlying EBIT											
Australian Steel Products		(270)	(365)	(55)	48	150	361	459	587	535	305
North Star BlueScope Steel		72	62	67	105	107	147	407	431	655	190
Building Products Asia & North America		121	92	100	104	108	163	209	185	134	155
Buildings North America		(41)	(6)	(6)	7	32	34	58	75	53	38
New Zealand and Pacific Islands		83	69	34	32	(7)	(40)	61	112	81	(6)
Corporate & Group		(68)	(69)	(63)	(80)	(65)	(81)	(89)	(109)	(114)	(124)
Inter-segment		12	(2)	(1)	2	0	(1)	1	(11)	4	6
Continuing businesses underlying EBIT		**(91)**	**(220)**	**77**	**217**	**326**	**582**	**1,105**	**1,269**	**1,348**	**564**
Financial Performance Measures											
Return on invested capital[3]		-1.4%	-4.3%	1.8%	4.5%	6.4%	9.5%	18.5%	20.0%	19.5%	7.6%
Return on equity[4]		-2.0%	-5.6%	-0.1%	1.9%	3.8%	6.7%	13.5%	15.3%	14.4%	5.1%
Capital, Earnings Per Share & Dividends											
Weighted average number of ordinary shares	(millions)	1,836.5	2,668.7	558.2	558.6	561.2	570.1	571.1	556.8	534.9	507.3
Earnings per share (reported)[5]	¢/s	(57.4)	(39.1)	(19.2)	(14.8)	24.3	62.1	125.3	281.8	189.9	19.0
Earnings per share (adjusted)[6]	¢/s	(291.3)	(234.6)	(19.1)	(14.8)	24.3	62.1	125.3	281.8	189.9	19.0
Dividends per share (reported)[5]	¢/s	2.0	0.0	0.0	0.0	6.0	6.0	9.0	14.0	14.0	14.0
Dividends per share (adjusted)[7]	¢/s	10.2	0.0	0.0	0.0	6.0	6.0	9.0	14.0	14.0	14.0

A$M unless marked; years ended 30 June	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash Flow Summary										
Net cash inflow (outflow) from operating activities	28	267	161	407	539	952	1,132	1,141	1,682	818
Net cash inflow (outflow) from investing activities	(367)	(80)	(310)	(438)	(411)	(1,290)	(408)	(380)	(388)	(570)
Net cash inflow (outflow) from financing activities	273	(148)	429	(15)	(115)	368	(509)	(582)	(606)	(484)
Net increase (decrease) in cash held	**(65)**	**39**	**281**	**(45)**	**13**	**30**	**215**	**179**	**688**	**(236)**
Financial Position										
Total assets	7,793	6,734	7,331	7,519	7,878	9,149	9,575	10,931	11,696	11,560
Total liabilities	3,397	2,955	2,871	3,062	3,138	4,163	4,037	4,043	4,355	4,521
Net assets	**4,396**	**3,779**	**4,460**	**4,457**	**4,739**	**4,985**	**5,539**	**6,888**	**7,342**	**7,040**
Net Operating Assets (pre-tax)	5,399	4,047	4,441	4,664	4,888	5,750	5,803	6,538	6,417	6,724
Net Debt / (Cash)	1,068	384	148	262	275	778	232	(64)	(693)	(79)
Gearing (net debt / net debt plus equity)	**19.5%**	**9.2%**	**3.2%**	**5.5%**	**5.5%**	**13.5%**	**4.0%**	**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 (annualised in case of half year comparison) 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 bonus element of the one-for-one share rights issue undertaken in May and June 2009, and the four-for-five share rights issue undertaken in December 2011, 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 bonus element of the one-for-one share rights issue undertaken in May and June 2009, and the four-for-five share rights issue undertaken in December 2011, the six for one share consolidation undertaken in December 2012, and adjustments required in applying the revised AASB119 Employee Benefits standard in 2013.

(7) Dividends per share adjusted for December 2012 share consolidation, and to reflect deemed 'bonus component' of the May 2009 and November 2011 entitlement offers

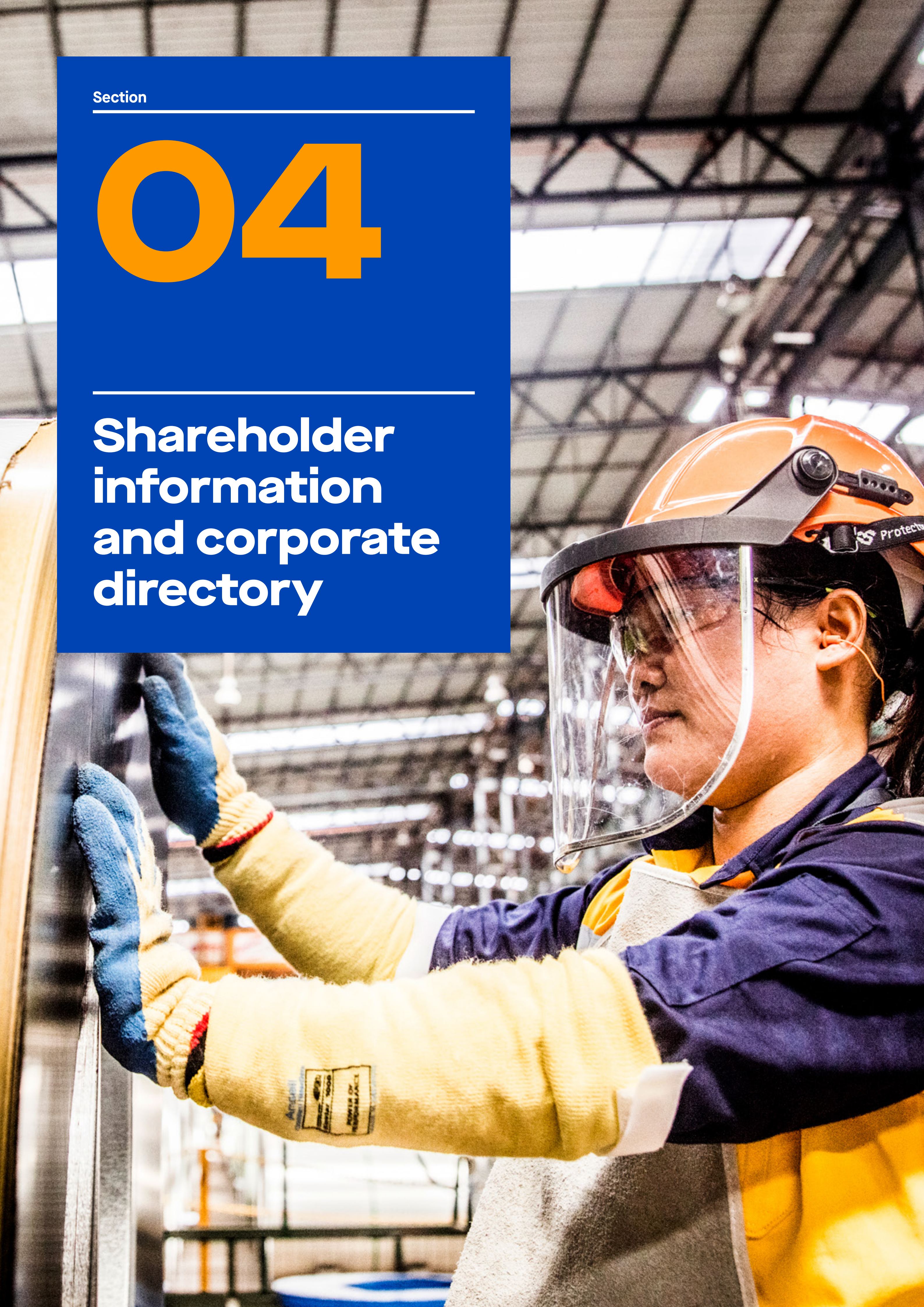
Underlying results are re-stated for all periods for re-classifications of any businesses to discontinued.

- 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 28 AUGUST 2020)

Distribution Schedule

Range	No of Holders	Securities	%
1 to 1,000	59,350	16,981,620	3.38
1,001 to 5,000	10,502	21,507,034	4.28
5,001 to 10,000	1,008	7,090,874	1.41
10,001 to 100,000	467	11,014,078	2.19
100,001 and Over	45	446,039,243	88.74
Total	**71,372**	**502,632,849**	**100.00**

Based on a closing share price of $12.580 on 28 August 2020, the number of shareholders holding less than a marketable parcel of 40 shares is 7,653 and together they hold 156,293 shares.

Twenty Largest Registered Shareholders

Rank	Name	Securities	% IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	217,711,782	43.31%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	94,276,231	18.76%
3	CITICORP NOMINEES PTY LIMITED	57,775,167	11.49%
4	NATIONAL NOMINEES LIMITED	25,726,233	5.12%
5	BNP PARIBAS NOMINEES PTY LTD	12,678,206	2.52%
6	BNP PARIBAS NOMS PTY LTD	9,237,634	1.84%
7	CITICORP NOMINEES PTY LIMITED	7,325,878	1.46%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	5,904,942	1.17%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,915,142	0.58%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,468,077	0.29%
11	AMP LIFE LIMITED	943,971	0.19%
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	843,272	0.17%
13	MR SANJAY DAYAL	822,034	0.16%
14	INVIA CUSTODIAN PTY LIMITED	670,265	0.13%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	648,878	0.13%
16	S AND L ELIAS INVESTMENTS PTY LTD	447,369	0.09%
17	BNP PARIBAS NOMS(NZ) LTD	446,701	0.09%
18	BRISPOT NOMINEES PTY LTD	419,987	0.08%
19	PATRICK FINAN	407,901	0.08%
20	UBS NOMINEES PTY LTD	397,822	0.08%
	Total	**441,067,492**	**87.74%**
	Balance of Register	**61,565,357**	**12.26%**
	Grand Total	**502,632,849**	**100.00%**

Substantial Shareholders

As at 28 August 2020, 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

There is no current on-market share buy-back.

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.

Unquoted equity securities

There are 3,466,103 employee share/alignment rights on issue which are held by 236 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
Executive Leadership 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* A Highnam *Chief Executive, BlueScope Buildings* J Nowlan *Chief Executive, Australian Steel Products* G Stephens *Chief Executive, New Zealand & Pacific Islands* Andrew Garey *Chief Strategy & Transformation Officer* Kristie Keast *Chief People Officer* *An appointment to the position of Chief Executive NS BlueScope is pending.*
Notice of Annual General Meeting	The Annual General Meeting of BlueScope Steel Limited will be held online at https://agmlive.link/BSL20 at 10.00am (AEDT) on Thursday 19 November 2020.
Corporate Governance Statement	An overview of BlueScope Steel Limited's corporate governance structures is presented in the 2020 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

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bluescope.com

BlueScope Steel Limited
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