

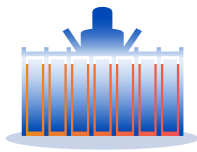
# Our Report at a glance

This Report, our second on climate action, provides an update on our progress towards the climate goals and decarbonisation pathway outlined in our inaugural 2021 Report. It also outlines our strategic approach to managing climate-related matters over the short, medium and long term.

## EXECUTING OUR CLIMATE STRATEGY

And decarbonisation pathway and goals

### AUSTRALIA



Partnering with Rio Tinto and BHP to investigate developing Australia's first ironmaking Electric Smelting Furnace (ESF) pilot plant.



Launched **Australian Direct Reduced Iron (DRI) Options Study** to identify decarbonisation opportunities for Port Kembla Steelworks.

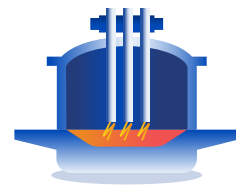


Completed a concept study with Rio Tinto exploring **DRI for ESFs** using Australia's Pilbara ores.



Working with global steelmakers (**thyssenkrupp Steel Europe, Tata Steel Europe and POSCO**) on low emissions technology.

### NEW ZEALAND



Installing an **Electric Arc Furnace (EAF)** at Glenbrook expected to reduce Scope 1 and 2 GHG emissions by **~55%<sup>1</sup>**.

### UNITED STATES

Growing our proportion of low emissions EAF steelmaking.

## GHG PERFORMANCE

Including historical performance by site for the first time.

**12.0%**

Reduction in steelmaking emissions intensity since 2018.

**8.4%**

Reduction in non-steelmaking emissions intensity since 2018<sup>2</sup>.

**54%**

Of BlueScope's FY2024 GHG emissions footprint is from Scope 3 GHG emissions.

## REFRESHED OUR CLIMATE SCENARIO ANALYSIS

### WHAT WE DID



**4 climate scenarios**, including 1.5°C and 2°C global temperature aligned scenarios.

### WHAT WE FOUND



Our current strategy is broadly resilient across all of the refreshed climate scenarios tested.

## REFRESHED OUR PHYSICAL CLIMATE RISK ASSESSMENT

### WHAT WE DID

**71** Sites assessed for exposure to climate-related hazards.

### WHAT WE FOUND



**Our risk exposure to climate-related hazards does not increase significantly** in the short to medium term; however this exposure will increase towards 2050 and the second half of this century under the 'high climate' scenario.

<sup>1</sup> Subject to securing additional renewable energy power purchase agreements and recycling more domestic scrap steel in New Zealand.

<sup>2</sup> The non-steelmaking target applies to our midstream activities that include our cold rolled, metal coating and painting lines and long products. It excludes our downstream activities.

## INDICATIVE DECARBONISATION PATHWAY

For each of our three steelmaking sites and for our non-steelmaking sites to achieve our decarbonisation commitments and show the opportunities and challenges to 2050.

### REFINED OUR KEY ENABLERS

Since FY2021 key developments include:



**Increased focus on DRI with natural gas as a transitional step** before green hydrogen.



Advancements in low emissions iron and steelmaking **technologies**.

Effective **public policy support** is critical to unlocking progress across all enablers.

Although largely out of our control, we actively monitor and guide (where possible) development of these enablers.

#### Some enablers are in place in the US and New Zealand:

- North Star benefits from technology and raw materials through EAF steelmaking, abundance of scrap, clean energy, and policy supporting domestic steelmaking capability.
- The EAF being built at Glenbrook will benefit from local scrap supply and renewable energy from New Zealand's grid.

#### The greatest challenge is at Port Kembla Steelworks:

- Effective policies are crucial for securing cost-competitive renewable electricity and natural gas, and developing a green hydrogen supply chain.
- A DRI facility using natural gas would need 40 times the current gas consumption and 1.7-2.6TWh of electricity per year (double its current use).
- The Illawarra region currently lacks the necessary transmission and electricity capacity for low emissions steelmaking.



#### Low carbon energy at non-steelmaking operations<sup>1</sup>:

Over 50% of GHG emissions are from electricity with access to renewable energy being essential in the long term. Sites are switching to renewables, where feasible.

## OUR CAPITAL SPEND

To support decarbonisation initiatives



Initial allocation of up to \$150M over five years from 2021, with a total estimated capital investment of \$300M to \$400M to 2030.

> 40%

Of initial investment allocation spent since FY2021; continuing to invest both capital and operating spend.

## DEVELOPED LONG TERM SCOPE 3 GHG EMISSIONS PLAN



Defined **vision and decarbonisation approach**.



Launched new **supplier engagement program**.

34%

Of our Scope 3 GHG footprint comes from purchased iron and steel, the largest individual contributor<sup>2</sup>.

## OTHER KEY SECTIONS



The remaining sections of this Report include how we are **engaging with key stakeholders** and our approach to **climate-related governance and risks**.

<sup>1</sup> Non-steelmaking in the above context refers to midstream activities that include our cold rolled, metal coating and painting lines and long products. It excludes our downstream activities.

<sup>2</sup> Refers to purchases of steel (in regions where we do not manufacture steel within our own operations) and iron (such as pig iron or hot briquetted iron largely at our North Star facility) based on our FY2024 Scope 3 GHG emissions performance.