

# GOVERNMENT ENGAGEMENT

We are committed to transparent and responsible engagement with governments. This includes engagement to support and advocate for policies and regulations that encourage sustainable development and economic growth. Our government engagement activities are guided by [Our Bond](#) and our [Political Contributions Standard](#). We actively participate in government consultations and collaborate with industry associations to advocate for policies that will support our climate action, particularly our decarbonisation enablers, and ensure the long-term viability of our business and the broader steel industry.

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## Government engagement

Our 2050 net zero goal is predicated on several enablers that are in large part outside of BlueScope's direct control. Accordingly, we actively engage with governments on the policy support, and investment in energy, raw materials, logistics and infrastructure, that will be needed to decarbonise iron and steelmaking. This has been particularly in focus in Australia and New Zealand, where we are pursuing plans and studies to significantly lower GHG emissions from iron and steelmaking.

In Australia, we have engaged with both Federal and State governments, including with Ministers and senior officials. This has included one-on-one meetings, written submissions, participation in roundtable discussions, and site visits for policymakers to our facilities. Our written submissions are publicly available on the relevant government websites (occasionally we will make commercially sensitive information confidential).

We engage with governments to ensure they understand our commitment to decarbonisation, our relevant technical, operational, and commercial expertise, the challenges we face and the enablers that are required to achieve our 2050 net zero goal, and to demonstrate our desire to play a leading role in introducing low emissions iron and steelmaking technologies in Australia and New Zealand with the right supportive policies and government investment.

In New Zealand, the Company has partnered with the Government to co-fund the installation of an electric arc furnace at the Glenbrook Steelworks, which will reduce the site's annual GHG emissions by approximately 55 per cent, removing over one per cent of the country's overall annual emissions<sup>1</sup>. As part of the project, the Company is represented on an official working group alongside relevant public sector agencies and is engaging regularly with officials and Ministers on potential options for further GHG emissions reductions from the site in future. This helps inform the Government's emissions budgets to meet New Zealand's 2050 target, as well as the emissions reduction plans that set out policies and strategies for meeting those budgets. The Company also engages directly

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

with the independent Climate Change Commission responsible for providing recommendations to the Government on these budgets and plans.

In the US, our public policy engagement is not currently centred on national climate change and energy policy, given the low emissions technology already deployed at our North Star facility, and the presence of appropriate enablers to support decarbonisation in the country and our sector.

Recent engagement with governments in Australia has focussed on our Australian Options Study, regarding both steel-specific and broader policies that will affect the enablers of decarbonisation, such as energy policy. We have also engaged with governments and stakeholders to support our collaboration with BHP and Rio Tinto that is examining construction of a pilot Electric Smelting Furnace (ESF). This pilot is critical to enable hematite ores to be used in a direct reduced iron (DRI) process, and therefore foundational for an Australian lower emissions iron and steel industry.

BlueScope continues to engage in public policy developments through direct submissions. A summary of our key submissions from July 2022 to June 2024 are included below. Each of these submissions can be found at the relevant Government website links included below.

### **Safeguard Mechanism (SGM)**

In January 2023, the Australian Government announced proposed changes to its SGM. The SGM is a key policy to reduce emissions from large industrial facilities, including BlueScope's Port Kembla Steelworks and Western Port Works. It sets legislated limits, or baselines, on GHG emissions from covered facilities. These baselines will decline over time, to help Australia achieve its 2030 and 2050 emissions targets. We worked cooperatively with the Federal Government to secure improvements to the SGM, to accommodate the expected timing of iron and steelmaking decarbonisation in Australia and ensure the viability of the No.6 Blast Furnace reline at Port Kembla Steelworks, while maintaining incentives to reduce emissions from iron and steelmaking.

BlueScope's public submissions are available on the website of the Department of Climate Change, Energy, the Environment and Water:

- [DCCEEW - Safeguard Mechanism reform: consultation paper: BlueScope Steel Limited's published response](#)
- [DCCEEW - Safeguard Mechanism reform: Consultation on proposed design: BlueScope Steel Limited's published response](#)

### **Carbon Leakage review**

In July 2023, the Australian Government commenced a review to assess the extent of carbon leakage risks due to differences in emissions reduction policies between Australia and its key trading partners. The review was also tasked with identifying key sectors and products at risk, with a particular focus on the steel and cement industries. It will consider policy options to respond to such risks, including the feasibility of an Australian Carbon Border Adjustment Mechanism (CBAM). BlueScope's view is that a well-designed and appropriately implemented CBAM could potentially help underpin the competitiveness of the domestic steel industry while it decarbonises. However, implementing an effective CBAM, particularly for the iron and steel sector, will be a complex exercise requiring careful design and learning from other jurisdictions.

BlueScope's public submission in response to the first round of consultation is available on the review's website at:

- [DCCEEW - Public consultation on the proposed approach to assess and address carbon leakage risk, as part of the Carbon Leakage Review: BlueScope Steel Limited's published response](#)

## **Electricity policy**

BlueScope has made several submissions to various government consultations regarding the future development of the electricity system, including policy to support an increase in renewable energy generation. Affordable, firm renewable energy will be a critical enabler of potential future investment in low emissions iron and steelmaking.

The Company's submission to the Capacity Investment Scheme can be found here:

- [DCCEEW - Expanded Capacity Investment Scheme \(CIS\) – Design Paper: BlueScope Steel Limited's published response](#)

BlueScope's submission regarding the Illawarra offshore wind area can be found here:

- [DCCEEW - Proposed offshore wind area: Pacific Ocean off Illawarra region, NSW: BlueScope Steel Limited's published response](#)

## **Future Gas Strategy**

In May 2024, the Australian Government published its Future Gas Strategy. This strategy is the Government's plan for how gas will play a role in supporting the economy's transition to net zero. One of its main findings is that gas will play a key role in helping several sectors including the steel industry to transition to net zero.

For BlueScope, use of gas to manufacture direct reduced iron (DRI) has the potential to reduce greenhouse gas emissions by approximately 60 per cent, compared to the current coal-based blast furnace – basic oxygen furnace (BF-BOF) iron and steelmaking process at Port Kembla Steelworks. Use of gas to make DRI would be an interim step until green hydrogen is commercially viable. However, producing DRI in this manner in Australia will require government policies to support the availability of gas and green hydrogen for domestic industrial users, at internationally competitive prices.

BlueScope's submission to the Future Gas Strategy can be found here:

- [DISR - Future Gas Strategy: consultation paper: BlueScope Steel Limited's published response](#)

## **Green Metals Consultation**

In May 2024, the Australian Government announced a consultation to better understand the investment, technical, and market barriers to 'green' (i.e., low or zero emissions) metals. Responses will be used to inform policy to support the development of an Australian green metals industry.