

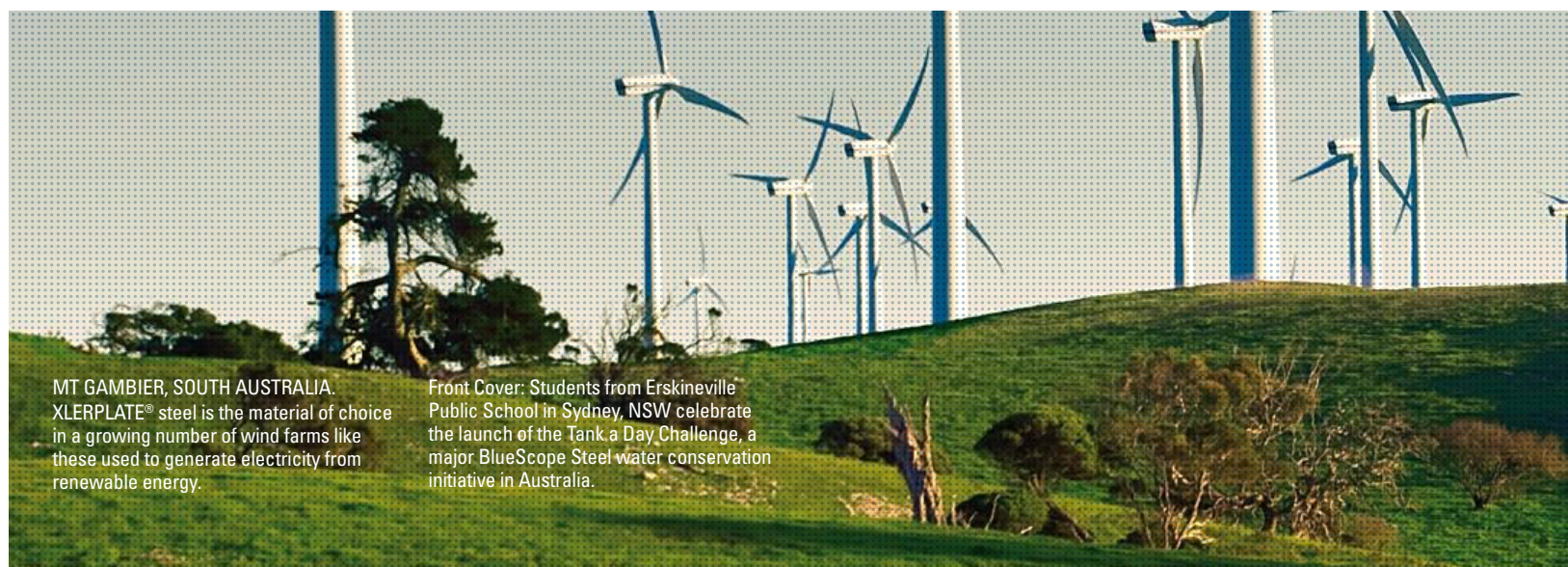


COMMUNITY, SAFETY AND ENVIRONMENT REPORT 2007



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MT GAMBIER, SOUTH AUSTRALIA.
XLERPLATE® steel is the material of choice
in a growing number of wind farms like
these used to generate electricity from
renewable energy.

Front Cover: Students from Erskineville
Public School in Sydney, NSW celebrate
the launch of the Tank a Day Challenge, a
major BlueScope Steel water conservation
initiative in Australia.

HIGHLIGHTS

95% OF EMPLOYEES INVOLVED IN MONTHLY SAFETY AUDITS

LOST TIME INJURY FREQUENCY RATE (LTIFR) OF 0.4

99% OF EMPLOYEES ARE SHAREHOLDERS

WESTERN PORT TO CUT FRESH WATER USE BY OVER 60%

200 WATER TANKS TO BE DONATED THROUGH TANK A DAY CHALLENGE

5.5 BILLION LITRES OF RECYCLED WATER USED AT PORT KEMBLA

EVERY ASIAN OPERATION ACHIEVES LTIFR OF ZERO

STUDY UNDERWAY TO REDUCE GREENHOUSE GAS EMISSIONS



OUR BOND THE VALUES THAT DEFINE US

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FROM THE BOARD

In recognition of the importance of health, safety and the environment, the BlueScope Steel Board of Directors, at the time of public listing in 2002, established a Health, Safety and Environment Committee (HSEC), of which all Directors are members. The Committee sets policy to guide management and monitors the performance of the Company. Ron McNeilly, an independent Non-Executive Director, is the Chairman of the HSEC.

From left to right: Paul Rizzo, Diane Grady, Tan Yam Pin, Daniel Grollo, Chairman Graham Kraehe, Deputy Chairman and HSEC Chairman Ron McNeilly, Managing Director and CEO Paul O'Malley, and Kevin McCann.

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

OUR BOND

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.

MESSAGE FROM PAUL O'MALLEY MANAGING DIRECTOR AND CEO

WE ARE ACUTELY CONSCIOUS OF THE NEED TO ENSURE OUR INDUSTRY IS SUSTAINABLE, AND THIS OBJECTIVE IS RECEIVING INCREASING FOCUS FROM THE MANAGEMENT TEAM AND BOARD.



Our Bond guides us to respect the communities where we operate. Our communities are our homes. In 2006/07, environmental issues such as greenhouse gas emissions and water scarcity remained matters of increasing public concern. BlueScope Steel recognises these problems and is committed to reducing the environmental effect of our operations. We are responding with a number of programs and initiatives that represent industry-leading environmental practice.

Steel is an essential ingredient in the modern world. It is one of the most common materials that we come into contact with every day. There is hardly any object that we use today that does not contain steel or that is not created with equipment made from steel.

The steel industry is a significant contributor to national and regional economies. In Australia, BlueScope Steel employs 8,500 people, is one of the country's largest manufacturing investors, and exported \$1.6 billion of steel products in the last year. Worldwide, there are more than 18,500 BlueScope Steel employees.

At the same time, the manufacture of steel consumes finite raw materials, and creates air and water emissions. Our communities rightly demand that steel producers are environmentally responsible and minimise their environmental footprint wherever it is feasible to do so.

We are acutely conscious of the need to ensure our industry is sustainable, and this objective is receiving increasing focus from the management team and Board.

We are working closely with our communities, suppliers, governments and other stakeholders to reduce our environmental footprint. Major initiatives include reducing our water consumption, reducing energy intensity, reducing waste, and cutting greenhouse gas and air emissions. Many of these initiatives are featured in this Report.

At BlueScope Steel, nothing is more important than our safety. This year, we moved closer to our goal of Zero Harm. There were no fatal incidents in the past year, while our injury rates remain at world best standards.

Our Lost Time Injury Frequency Rate (LTIFR) was 0.4*, remaining below 1.0 for the third consecutive year. This is a very positive result and compares very well to the International Iron and Steel Institute rate of around 4.0. Our Medically Treated Injury Frequency Rate (MTIFR) was 6.5*. (*Both rates express incidents per one million hours worked.)

A key factor in this outstanding safety performance was a very high level of employee participation in audits and reporting, and a continued focus on staying safe. Zero Harm is achievable and we will remain diligent in working toward this goal.

Each year, BlueScope Steel supports a variety of community programs around the globe. We work closely with community groups and focus on nurturing youth, assisting the disadvantaged, enhancing community facilities and supporting the arts and cultural activities.

This year, one of our most significant programs in drought-stricken Australia is the Tank A Day Challenge, designed to teach Australian primary school children about water conservation. For every day of the school year, BlueScope Steel will donate a rainwater tank to an Australian primary school. A total of 200 tanks will be donated to schools around the country and some 500,000 primary school students are involved in saving our precious water resources.

We hope you enjoy this year's Community, Safety and Environment Report and invite you to provide us with your comments. You can send an email to question@bluescopesteel.com

BLUESCOPE STEEL HAS UNDERTAKEN A RANGE OF INITIATIVES TO REDUCE OUR WATER CONSUMPTION, REDUCE ENERGY INTENSITY, REDUCE WASTE AND CUT GREENHOUSE GAS EMISSIONS.

ENVIRONMENT IMPROVING OUR PERFORMANCE

4



Water being used in the Port Kembla steelmaking operation.

Steel is part of our everyday life. It is one of the most common and widely used materials, valued for its versatility, strength and recyclability. Steel can be used in a wide variety of environments, including extremes of cold and heat, and in both arid and wet climates.

The steel industry is also an important contributor to national and regional economies, providing employment and investment, generating exports, and supporting community programs.

At the same time, we recognise that the communities in which we operate expect us to be responsible environmental managers and strive for improvement in our environmental performance.

BlueScope Steel has undertaken a range of initiatives to reduce water consumption, energy intensity, waste, and cut greenhouse gas emissions.

This report provides comprehensive information about BlueScope Steel and the environment, including governance and policy arrangements, performance measures and case studies.

WATER – A STEP CHANGE IN CONSUMPTION

The manufacture of iron and steel involves intense heat. As a result, large amounts of water are used for quenching and cooling products and machinery. Water is also used for de-scaling, cleaning and suppression of dust.

At our largest global production facility, Port Kembla Steelworks in New South Wales, most of the water consumed is salt water. Consumption of salt water from the nearby harbour and ocean relieves pressure on finite supplies of fresh water.

In many of the communities in which we operate, especially in Australia, water shortages and water quality are significant issues.

In recent years, our Port Kembla and Western Port plants have implemented a range of water savings projects which have seen a gradual reduction in fresh water intensity (kilolitres per tonne of raw steel manufactured).

PORT KEMBLA RECYCLED WATER

Since 2006, when the recycled water project with Sydney Water was commissioned, the Port Kembla Steelworks has used over four billion litres of recycled water. The Steelworks can now receive up to 20 mega litres (million litres) per day of treated waste water for use in its manufacturing processes.

The Port Kembla water-recycling project has seen a step change in both fresh water intensity and consumption.

Western Port's recycling project will cut its fresh water consumption by over 60% or 660 mega litres per annum, which is equal to the annual water consumption of about 3,000 new homes.



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MAJOR WATER RECYCLING PROJECT UNDERWAY AT WESTERN PORT

BlueScope Steel Western Port has committed to a \$21.5 million recycling project which will cut its fresh water consumption by over 60 per cent.

The pioneering project – a partnership between BlueScope Steel, South East Water and the Victorian Government – will see Western Port cut its fresh water consumption by 660 mega litres per annum. This is equivalent to the annual water consumption of about 3,000 new homes.

The project will include the partial upgrade of the Somers Treatment Plant and the installation of a new 13-kilometre pipeline to take recycled water to BlueScope Steel's Western Port plant for use in its manufacturing operations.

In addition to saving water, the project will reduce discharges of treated waste water to Western Port Bay by 75 per cent (from

375 mega litres per year to 95 mega litres), reduce discharges from the South East Outfall by 370 mega litres per year, and reduce prescribed waste to landfill by 75 per cent (from 1,550 tonnes per year to 375 tonnes).

Waste water has also been significantly reduced across many process lines at Western Port, largely as a result of measures to reduce water consumption. For example, Coil Paint Line No. 4 (CPL4) reduced its water consumption by over two-thirds by introducing improved quench, condensate and pre-treatment control systems.

The plant has also worked hard to educate its employees and help them save water at work and at home. An employee showerhead exchange program was introduced during the year, in partnership with South East Water, enabling employees to replace their old showerheads with a new water efficient

model, free of charge. Water efficient showerheads were also installed across the site.

The Western Port recycling project is targeted for completion by mid-2009.

BLUESCOPE WATER

The Company's own water savings credentials are complemented by the products and services provided by its BlueScope Water business. BlueScope Water serves the growing Australian and international markets for rainwater tanks, complete rainwater harvesting systems, and agricultural irrigation pipelines.

THE NATURE CONSERVANCY

BlueScope Steel is a member of The Nature Conservancy, a leading international conservation organisation working to protect ecologically important lands and waters for nature and people.

ENVIRONMENT CASE STUDIES

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MEETING THE GREENHOUSE AND ENERGY CHALLENGE

Worldwide production of steel is about 1.2 billion tonnes per annum. It is estimated that this production is responsible for about 3.2 per cent of the world's greenhouse gas emissions.

While there has been significant progress in improving energy efficiency and reducing the greenhouse intensity of steel production, we are fast approaching the limits of current technology. At the same time, steel production continues to grow and is expected to reach 2 billion tonnes by 2020.

Faced with these limits and with continued production growth, the steel industry needs a major technology breakthrough in order to reduce its reliance on carbon.

Developing a new low emissions technology for making iron and steel is an enormous challenge and will take the combined efforts of steel manufacturers and others, working together on a global scale, in order to succeed.

INTERNATIONAL RESEARCH EFFORTS

BlueScope Steel is contributing to worldwide research efforts, in partnership with other steel makers and the International Iron & Steel Institute (IISI), to reduce emissions. The IISI – a global organisation that represents around 80 per cent of the world's steelmakers – is undertaking the CO2 Breakthrough Programme, with BlueScope Steel as one of its contributors.

In Australia, we are working with the CSIRO on two projects and sharing the results with other participants in the programme. One

project is examining the use of biomass as a replacement for a proportion of the coal used in the iron making process. The second relates to the development of new technology for granulating blast furnace slag without water and recovering the waste heat.

Other technology being considered worldwide includes carbon capture, carbon absorption, and technology that use hydrogen instead of carbon in the chemical reaction that converts iron ore to iron.

STEELWORKS CO-GENERATION PLANT

At Port Kembla Steelworks we are currently studying a major opportunity to cut indirect greenhouse gas emissions by building a new co-generation plant. A co-generation plant would take waste gases, that are currently

LOCATION	MAJOR ENVIRONMENTAL INVESTMENTS SINCE 2002	COST
Western Port	Optimisation of Paint Line No2 (CPL2) ovens to reduce natural gas consumption and greenhouse gas emissions.	\$ 150,000
	Water recycling program to reduce fresh water consumption by over 60%, co-funded by BlueScope Steel, the Victorian government and South East Water.	\$ 21 million shared cost
Port Kembla	Sinter machine emissions reduction project to reduce gas and dust emissions, resulting in cleaner air.	\$ 94 million
	Coke Side Pushing Emissions Project at Port Kembla to collect soot and dust emissions (during coke pushing on 4, 5 and 6 Batteries).	\$ 91 million
	Gypsum plant reduction and conversion of SO ₂ emissions for use in the cement industry.	\$ 9 million
	Water recycling program at Port Kembla plant, in partnership with Sydney Water, saving up to 20 megalitres of drinking water per day.	Approx \$350,000
	Coke oven project to reduce organic emissions.	\$ 6 million
	Wind blown dust control in recycling area revegetation.	\$ 3 million
	Port Kembla electrical distribution system protection at coke ovens in partnership with the NSW Department of Environment and Climate Change (DECC).	\$ 14 million
New Zealand Steel	Waikato North Head ironsands attritioner to reduce clay slimes disposed to landfill.	\$ 3.3 million
	Dust minimisation projects, including sealing of roads and storage areas, resulting in reduced dust and improved water discharge quality.	\$ 5 million
	New baghouse in Hollow Sections Galvanising Pipe Plant to reduce emissions.	\$1.5 million
North Star BlueScope Steel	New baghouse installed, improving air quality within the plant.	\$ 30 million
	Energy efficiency project to improve furnace efficiency and minimise power usage.	\$ 5 million

WE ARE CONTRIBUTING WORLDWIDE TO RESEARCH EFFORTS,
AND IMPLEMENTING PRACTICAL AND COST EFFECTIVE ACTIONS
TO REDUCE THE COMPANY'S ENVIRONMENTAL FOOTPRINT, AND
ENCOURAGING EMPLOYEES AND STAKEHOLDERS TO DO THE SAME.

flared to the atmosphere, and use them to generate electricity. This would reduce the need for the Steelworks to purchase coal-fuelled electricity from the national grid, meaning a net reduction in GHG emissions of approximately 800,000 tonnes per annum. A feasibility study is expected to be completed in 2008.

GREENHOUSE CHALLENGE PLUS

During the year, BlueScope Steel entered into a voluntary agreement with the Australian Government to cut its greenhouse gas emissions.

The agreement – part of the Australian Greenhouse Office's Greenhouse Challenge Plus program – commits the Company to implement practical and cost-effective actions to reduce its emissions, and encourage staff and other stakeholders to do the same.

As part of the Greenhouse Challenge agreement, BlueScope Steel will monitor, measure and report on greenhouse gas emissions and progress against emissions reduction targets.

ASIA-PACIFIC PARTNERSHIP ON CLEAN DEVELOPMENT AND CLIMATE

BlueScope Steel is actively supporting the Australian Government as a member of the Asia-Pacific Partnership on Clean Development and Climate (APP) steel task force. This partnership involves Japan, USA, Korea, China, India, Australia and – more recently – Canada.

The APP steel task force has calculated there is the potential to reduce greenhouse gas emissions from the global steel industry by between 100 and 200 million tonnes annually. This would be achieved by transferring best practice technology from developed nations to developing nations, where there are many steel plants using outdated technology.

ENVIRONMENTAL COMPLIANCE SYSTEM

BlueScope Steel has developed an environmental compliance system to ensure that environmental responsibilities are appropriately and pro-actively managed. During the year, this system was successfully operating at BlueScope Steel's global operations.

The foundation of this governance system is an Environmental Compliance Register. Development of the Compliance Register began in 2004, with the first site registered in September 2004, and implementation across all sites completed during the 2006/07 financial year.

For more information on the system, check online at www.csereport2007.com.



The lighthouse at Waiheke Island, New Zealand, showcases the durability and design scope of ZINCALUME® steel.

ENVIRONMENT CASE STUDIES

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AIR QUALITY – CLEARING THE AIR IN OUR COMMUNITIES

Maintaining the support of the communities in which we operate is essential to our success.

Among the most noticeable emissions from our steelmaking plants are air pollutants, such as oxides of sulphur and nitrogen, dust, odours and greenhouse gases. We work hard to reduce these emissions that have the potential to affect our communities.

Initiatives to reduce air emissions include the installation of pollution control equipment, the sealing of roads, installation of stockpile sprays, and facilities for washing trucks.

In recent years, major pollution control equipment projects have included a \$91 million Coke Side Emissions Control Project and a \$94 million Sinter Machine Emissions Reduction Project – both at Port Kembla Steelworks.

Emissions of fine particulates have fallen by almost 40 per cent in the last five years.

CLEARING THE AIR AT NORTH STAR BLUESCOPE STEEL

The Company's North Star BlueScope Steel plant in the United States began spring-cleaning early, with the installation of a second baghouse in December to collect dust from the steelmaking process.

North Star BlueScope Steel is a joint venture, which operates an electric arc furnace steelmaking plant at Delta, Ohio.

Electric arc furnaces use electricity to melt scrap steel in order to manufacture hot rolled coil.

The plant was originally designed to produce 1.5 million tons of steel per year. Over time production has progressively increased and the plant now makes more than 2 million tons annually.

With the increased production comes an increase of dust from the steelmaking process. To collect this dust and maintain the strict air quality limits, the plant is equipped with a baghouse.

With the growth in steel production, the baghouse capacity had become a limiting factor on operations. A second baghouse was added, at a cost of around \$US30 million, to improve air quality.

STEEL – INFINITELY RECYCLABLE

Steel is infinitely recyclable. There are few other modern materials that can be recycled over and over again without the loss of their key properties. That means that even steel created 150 years ago – when its mass production began – can be recycled.

In fact, steel is the most recycled material in the world. More steel is recycled than all other recyclable materials combined, including aluminium, glass and paper. Steel is easy to recover from any waste stream through the use of a magnet, and is the only material that can be extracted from other waste so simply.

Scrap steel is an essential ingredient in both the integrated steelmaking process used at Port Kembla Steelworks and New Zealand Steel, and the electric arc furnace process used at the Company's North Star BlueScope Steel plant in the United States.

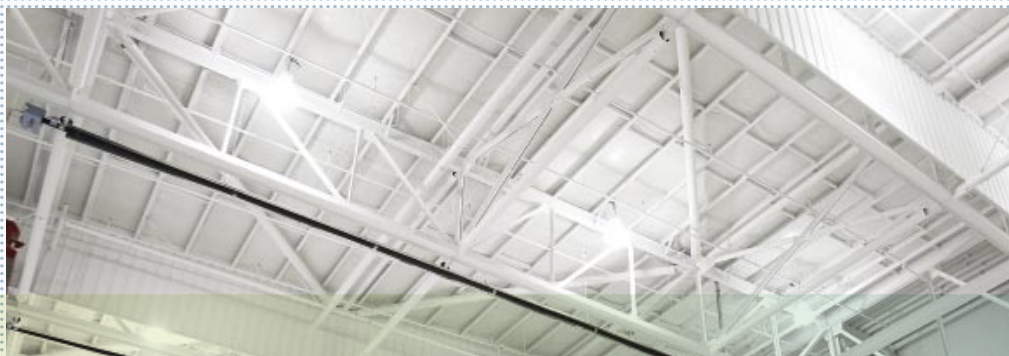
At BlueScope Steel, recycled scrap steel comprises approximately 30 per cent of raw steel production. Only a global shortage of scrap steel prevents this scrap content from being even higher.

BUTLER 'LEEDS' THE WAY IN SUSTAINABLE DESIGN

Leading by example is a good way to get your environmental message across. Butler Manufacturing, BlueScope Steel's pre-engineered building solutions operation in the United States, is doing just that.

Butler is supplying projects in the United States and Canada that are leading examples of facilities that incorporate sustainable 'green' design and construction criteria. A number of the projects have passed the test of LEED (Leadership in Energy and Environmental Design) certification.

Foremost among these is Steelcare Inc, which was the first industrial building to earn LEED Gold certification from the Canada Green Building Council. Steelcare's state-of-the-art steel coil warehouse demonstrates the value of green design by its energy efficiency, particularly in the use of natural gas and electricity.



Left: BUCON employee Mike Clayburg inside the 11,600 square metre US Coast Guard aircraft maintenance hangar at Mobile, Alabama. The building meets both the USA 'LEED' sustainability specifications which cover the environmental effects of materials, construction, ongoing energy use and occupant health.

Bottom: School kids and COLORBOND® steel help clean up the Kimberley in north west Australia.



Butler has been at the forefront of developing alternatives to conventional construction for more than a century, and has focused on improving the energy efficiency of non-residential buildings since the 1970s.

Testing at the Butler Research Centre in Grandview, Missouri allows Butler to develop unique design features for its various metal roof systems, with highly energy-efficient assemblies.

Most recently, the Butler Research Centre investigated improving the energy efficiency of metal roofs. This work led to a coating that complies with California's stringent energy-related building codes for low-slope roof systems.

"You can see the results of this research in built environments throughout North America," says Pat Finan, President of Butler Buildings North America. "We intend for Butler to remain at the leading edge of our industry with sustainable construction."

Projects using Butler Buildings' green design include:

- a new helicopter and fixed-wing aircraft hangar for the US Coast Guard in Mobile, Alabama being built by Butler Construction (BUCON)
- Bryan Construction, a Butler Builder® based in Colorado Springs, Colorado, applied LEED-inspired design and project delivery practices at another military hangar project at March Air Force Base, California
- University of Connecticut completed the Mark R. Shenkman Training Centre at the Burton Family Football Complex.

CLEANING UP THE KIMBERLEY

As part of its 40th birthday celebrations, COLORBOND® steel helped Clean Up the Kimberley.

"With nearly every building in the Kimberley featuring at least a roof made from COLORBOND®

steel, this was a program we were keen to support," said David Bare, National Marketing Manager Building.

More than 1,500 people, including indigenous communities and school students, removed almost 3,000 bags of rubbish from 85 sites across the Kimberley as part of the campaign.

Volunteers worked at sites across more than 45,000 square kilometres of land – equivalent to twice the size of Victoria - removing everything from aluminium cans and plastic bottles to scrap metal, fuel and oil drums and batteries.

COLORBOND® steel and Clean Up Australia will now build on the success with education programs for schools, local communities and travellers to improve waste management in the region.

ZERO HARM IS OUR NUMBER ONE PRIORITY AT BLUESCOPE STEEL. OUR EMPLOYEES RECOGNISE THAT NOTHING IS MORE IMPORTANT THAN SAFETY.

HEALTH AND SAFETY TOWARD ZERO HARM



Gerard Mahoney,
Manager of the Plate Mill
at Port Kembla Steelworks.

At BlueScope Steel, nothing is more important than our safety. BlueScope Steel continues to move a step closer to our goal of Zero Harm. Our Company incurred no fatal incidents in the past year, while our injury rates remain at world-best standards.

In 2006/07, our Lost Time Injury Frequency Rate (LTIFR) was 0.4, remaining below 1.0 for the third year running. This result compares well to the International Iron and Steel Industry rate of around 4.0. Our Medically Treated Injury Frequency Rate (MTIFR) was 6.5. (Both rates express incidents per one million hours worked).

A key factor in our safety performance was a very high level of employee participation. For example, during the year, an average of 95 per cent of employees across our entire Company were involved in conducting safety audits each month. In addition, 28,000 near misses were reported. These measures are a strong indication that our people are focused on staying safe, and on watching out for each

other every day. During the year there were many noteworthy safety achievements.

ASIA

Every business in all nine Asian countries in which we operate achieved an LTIFR of zero. Our Asian facilities continue to set new safety benchmark levels. For example, Thailand's Map Ta Phut facility achieved over 20 million hours lost time injury free. BlueScope Steel Malaysia has had nine consecutive months without any injury. These are truly world-class results.

AUSTRALIA AND NEW ZEALAND

Australian and New Zealand Industrial Markets achieved 5.9 million hours lost time injury free while Australian Manufacturing Markets also posted a record lost time injury free period of 3.8 million hours.

Within these groups, specific businesses achieved great milestones. Port Kembla Steelworks recorded 15 million hours lost time injury free while Illawarra Coated Products

operated for a full year, comprising over 2 million hours, lost time injury free. Port Kembla Slabmaking posted 5 million hours lost time injury free. Our New Zealand Steel contractors have worked for two years lost time injury free. The construction of our Western Sydney Service Centre was completed without lost time injury and Western Port ended the year with no medically treated injury for the last three months.

NORTH AMERICA

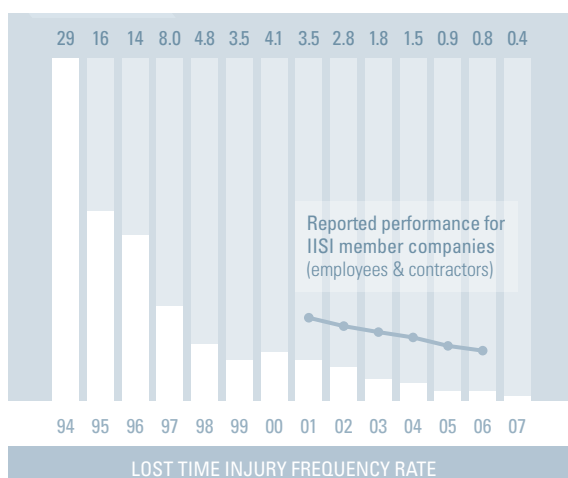
A number of BlueScope Steel North American businesses achieved new record lost time injury free periods. These include: Butler Buildings Laurinburg, Butler Construction, Visalia and Vistawall.

We believe these efforts demonstrate that Zero Harm is achievable and we will continue to work toward this goal. Meanwhile, BlueScope Steel is building a reputation, within and beyond the steel industry, as a world class performer and leader in safety.

Lucy Carson, QA
Technologist at Western
Port's Hot Strip Mill.

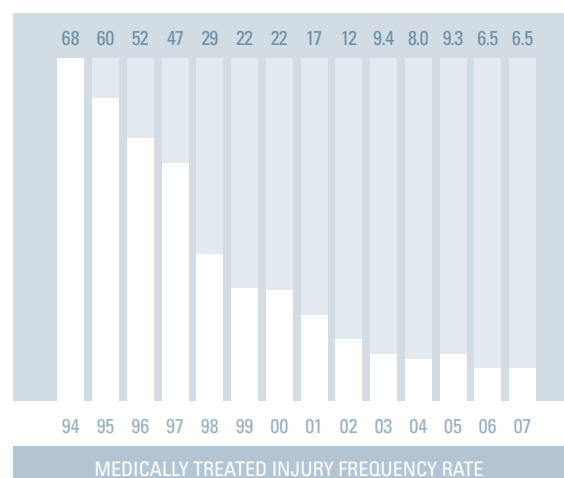


ZERO HARM IS ACHIEVABLE AND WE WILL CONTINUE
TO WORK TOWARD THIS GOAL.



Per million hours worked

Includes contractor performance from 1996
Includes Butler performance from May 2004



Per million hours worked

Includes contractor performance from 2004
Includes Butler performance from May 2004

OUR PEOPLE ARE FOCUSED ON STAYING SAFE AND WATCHING OUT FOR EACH OTHER EVERY DAY. A KEY FACTOR IN OUR SAFETY PERFORMANCE IS A VERY HIGH LEVEL OF EMPLOYEE PARTICIPATION.

HEALTH AND SAFETY BEST PRACTICE

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This past year, our employees and contractors worked hard to further improve our safety performance and the results showed excellent progress has been made. BlueScope Steel's safety improvement initiatives have seen a substantial reduction in injuries.

Essential to our health and safety strategy is the ongoing effort to further develop our leaders, as is the continued implementation of risk management practices, behavioural health and safety audits, the reporting of incidents and near misses and the identification and prevention of at risk behaviour and at risk conditions.

Zero Harm is our goal. We are doing everything possible to achieve this.

A YEAR OF MILESTONES IN ANNVILLE – RECORD SAFETY AND 30TH ANNIVERSARY

This has been a year of great milestones and celebration for the Northern Region business of Butler Buildings, North America.

In August, the team at Anville, Pennsylvania celebrated the 30th anniversary of the plant's opening and during the month, record despatches were shipped to Butler customers.

"This is a great effort by the team, which is truly committed to providing excellent service to our customers," said Greg Robinson, Regional General Manager.

By September, the team achieved two years lost time injury (LTI) free, or 1.3 million hours.

NEW CALEDONIA CELEBRATES 10 YEARS LTI FREE

The Caledonian BlueScope Steel team celebrated 10 years lost time injury free at the Numbo site, Noumea, in early August.

According to President Pacific Region, Denis Etournaud, this milestone is truly an example for other Caledonian companies where industrial accidents still occur.

"At BlueScope Steel New Caledonia, everyone is aware of the risks of working in an industrial environment, which is why there is such a focus on a safe workplace," Denis said. "Safety is not just limited to regulations but has become an integral part of the corporate culture.

"We are working within the framework of a responsible company; one in which each one of us cares about one another and where safety remains a priority for everyone."



Above: The Anville team celebrated a number of milestones including two years Lost Time Injury (LTI) free.

Left: Staying within the safety barrier.

Right: At New Caledonia, safety is an integral part of the corporate culture. The team celebrated 10 years LTI free.

Far Right: Kevin Anderson on New Zealand Steel's recoil line.

'TAKE 2' – A PART OF LIFE AT WESTERN PORT

An innovative safety awareness program at BlueScope Steel's Western Port plant has actively engaged employees in the Company's journey towards Zero Harm. The program was developed in response to an increase in the incidence of injuries that could have been avoided.

The program reinforces BlueScope Steel's 'Take 2' safety message, with the overall objective of achieving a positive change in employees' attitude towards safety so that all employees consciously go about their work in a safer way. The program focuses on 'Safe People, Safe Plant and Safe Procedures' with three main messages: 'Stop – what am I about to do? Think – what could cause me harm? and Plan – how do I manage the risk?'. The awareness program used communication safety tools familiar to employees, including posters in washrooms and presentation kits.

It also engaged employees through team-based activities, including a crossword and other competitions.

The 'Take 2' safety initiative involves all employees, leads to an involved workforce and enables employees to 'Take 2' before undertaking a task so that they understand the risks and hazards and take measures to avoid them.

Following the implementation of the program, the overall number of injuries at Western Port has reduced, the number of injuries caused by not following 'Take 2' procedures has reduced, and 'Take 2' is now becoming part of conversations and part of the way people work at Western Port.

LTI FREE RECORD FOR INDUSTRIAL MARKETS

The Australian and New Zealand Industrial Markets and Logistics businesses achieved a new safety record of 5.9 million hours lost time injury (LTI) free.

"What an excellent performance to achieve this result," Noel Cornish, President Australian & New Zealand Industrial Markets, said. "It is a tribute to the commitment of all employees in the business across Port Kembla, New Zealand Steel and Logistics."

A range of safety improvements, including activities to reduce risks, contributed to the outstanding result.



HEALTH AND SAFETY AWARD WINNING PERFORMANCE

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The Company's Dubbo Lysaght site won a national BlueScope Lysaght safety award in recognition of its outstanding safety performance. The award included a cash prize of \$1,000, which Lee Schwager (left) and Nick Hubbard, on behalf of the Dubbo site, donated to Dubbo West Preschool, represented by young Jarrod Dickson.

NATIONAL SAFETY COUNCIL AWARDS BUTLER

The National Safety Council (U.S.) awarded each of the Butler manufacturing sites the prestigious Award for Occupational Safety Management Excellence. The award was presented for achieving an accident rate of less than half of the U.S. average for its industry.

President North American Buildings Group, Pat Finan said: "Everyone has demonstrated that with a strong effort and commitment, we can reach goals seemingly unattainable just a short time ago.

"Our improvement in safety is evident in many ways and has been recognised across BlueScope Steel. But no accomplishment is more gratifying than our employees returning home from work in the same condition as they arrived. This is what we expect. We should be satisfied with nothing less."

OH&S EXCELLENCE AWARDS

BlueScope Steel's occupational health and safety achievements have been recognised by the Australian Steel Institute (ASI).

Jason Lashmar, Operations Manager at BlueScope Lysaght's Archerfield site, won the Individual OH&S Excellence Award for his contribution to building a new safety culture at Archerfield, and for leading the introduction of a number of safety initiatives on site.

The Site OH&S Excellence Award was presented to Port Kembla Steelworks in recognition of the site's achievements in working 14.9 million hours without a lost time injury. This represents approximately 6,000 employees and contractors who worked on average 13 million hours per year. Port Kembla's safety record is recognised as internationally best practice within the steel industry.

OUTSTANDING ACHIEVEMENT IN SINGAPORE

BlueScope Lysaght Singapore was presented with the Outstanding Achievement Award for safety solutions at the Occupational Safety and Health Best Practices Awards. The theme of the awards was 'Working at Heights – Falls Prevention'.

BlueScope Lysaght won the award for the Lysaght Step Ladder – a safe access aid for

Below: Safety First – Jason Lashmar, Operations Manager at the Archerfield site, receiving his safety award for building a safety culture.

Right: The Big Day Out – a healthy and active day for the community in the Illawarra.



loading trucks. It was also recognised for its thorough induction process for contractors and the presence of fall arrest features, such as lifelines in place around the buildings.

The Occupational Safety and Health Best Practices Awards are presented annually by the Ministry of Manpower. This year, the Ministry has joined forces with the Workplace Safety Health Advisory Committee to give national recognition to companies that make exemplary efforts to control workplace safety and health hazards.

MALAYSIA FOCUSES ON CONTRACTOR SAFETY

In Malaysia, the level of safety around the manufacturing plant at Kapar continues to improve after establishing a team of contractor safety supervisors.

The team of 21 highly qualified and trained safety supervisors is committed to ensuring better contractor management and safety on site. They will conduct safety induction programs for contractors based on individual work requirements including working in isolation, working at heights and confined space entry.

BlueScope Steel Malaysia has also implemented an individual contractor passport system, which records all contractor safety training. This system now complements the work of the contractor safety supervisor team.

PORT KEMBLA'S HEALTH AND LIFESTYLE EVENT – BIG DAY OUT – A BIG HIT

It was a BIG DAY OUT for more than 6,000 employees, contractors and their families who

turned out in force to enjoy the Health and Lifestyle event. BIG DAY OUT is the major event of the 2007 'Take 2 for your Health' program.

This year's event was held in September at the Jamberoo Action Park, outside of Wollongong. Building on the momentum of last year's program, the event aimed to help employees and their families learn how they can improve their wellbeing, track their health and get reliable, expert information on important health topics.

BlueScope Steel partnered with a range of health care organisations, 40 local community groups and the event was officially sponsored by the Company's health insurance provider, Peoplecare. Nurses were on hand to give personal health checks.

COMMUNITY CONTRIBUTING TO OUR COMMUNITIES



Left: BlueScope Steel has combined the versatility of steel building solutions, planning and sensible design to bring long-term improvement to devastated communities. As well as relief housing, BlueScope Steel has supplied other community buildings such as schools to the people of Banda Aceh, Indonesia.



BlueScope Steel contributes to local communities around the world through collaborative partnerships which are focused on nurturing youth, assisting the disadvantaged, enhancing community facilities and supporting arts and cultural activities. We also support emergency services and provide assistance in times of crisis.

Our activities and partnerships are guided by Community Relations management plans which help us ensure we deliver on our promises and identify opportunities for improvement.

We engage regularly with all stakeholders and endeavour to build relationships that are sustainable over the long term.

As Our Bond says, "our communities are our homes." We strive to be a valued member of the communities in which we live and work and seek to demonstrate the respect we have for the wide range of cultures represented in our workforce and our communities.

TANK A DAY CHALLENGE SPREADS WATER CONSERVATION MESSAGE

The \$1 million BlueScope Steel Tank a Day Challenge was launched this year to donate 200 rainwater tanks over the year to Australian primary schools – one tank for every day of the school year.

The program is designed to teach young Australians about the water cycle and the importance of water harvesting, conservation and management and help primary schools develop their own water conservation programs.

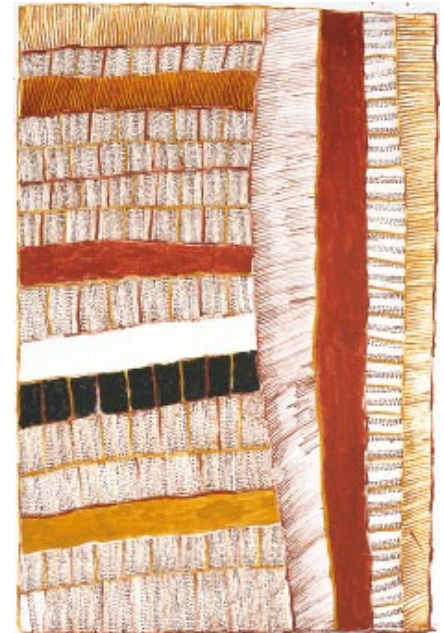
A new website – www.tankaday.com.au – includes educational materials, a water saving

WE STRIVE TO BE A VALUED MEMBER OF THE COMMUNITIES IN WHICH WE LIVE AND WORK, AND SEEK TO DEMONSTRATE THE RESPECT WE HAVE FOR THE WIDE RANGE OF CULTURES REPRESENTED IN OUR WORKFORCE AND OUR COMMUNITIES.



Left: Students from more than 1,800 Australian primary schools are involved in our first Tank A Day Challenge.

Right: Kutuwulumi Purawarrumpatu
Kitty Kantilla Tiwi c. 1928–2003
Untitled 2001 earth pigments on paper
56.0 x 76.0 cm sheet Private collection, Sydney
© The artist's estate, courtesy of Jilamara Arts & Crafts.



quiz, games and other information for primary school students, teachers, parents and the community.

Over 1,800 primary schools – more than 25 per cent of all primary schools in Australia – and more than 500,000 students are involved in the Challenge. The program runs until June 2008.

NATIONAL GALLERY VICTORIA (NGV) – KITTY KANTILLA EXHIBITION

A major retrospective of the work of Kitty Kantilla opened in April 2007 in the BlueScope Steel Indigenous Galleries at the Ian Potter Centre: NGV Australia.

Kitty Kantilla (Kutuwulumi Purawarrumpatu) (Tiwi c. 1928–2003) produced an exceptional body of work from the 1970s until her last days in 2003. The NGV has a major holding of Kantilla's works across all media that has been built up through close liaison with Jilamara Arts & Craft Association.

BlueScope Steel has been a major partner with the NGV since 2004. This partnership with the NGV and sponsorship of the BlueScope Steel Indigenous Galleries helps us to live the commitments of Our Bond bringing strength, inspiration and colour to our communities.

ROYAL BOTANIC GARDENS CRANBOURNE, VICTORIA

The Royal Botanic Gardens Cranbourne, a division of the Royal Botanic Gardens Melbourne, is one of Victoria's most precious areas of native bushland with 363 hectares of untouched heathlands, wetlands and woodlands.

The RBG Cranbourne is home to the Australian Garden which will feature approximately 100,000 plants, including 1,000 trees, in 15 different landscape displays and exhibition gardens when stage two of the development is completed in 2010.

The first stage of the Australian Garden was completed in May 2006. It displays the striking features of Australian indigenous plants and gardens, with a focus on water conservation which reflects BlueScope Water's own commitment to sustainable practices.

BlueScope Water's support of the Australian Garden assists in the research, development and design of water education and conservation programs, including a schools' program and teachers' kit, a home gardeners' program and an early childhood program.

ILAWARRA SCHOOL CHILDREN LEARN FROM LIFE EDUCATION

Life Education Australia has been teaching drug and health education to primary and secondary students each year since 1979. More than 750,000 Australian school children have learnt about living a safe and healthy life from this not for profit organisation.

COMMUNITY CASE STUDIES

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In the Illawarra, the program is run through the voluntary efforts of Life Education Illawarra. During the 2006/07 year, more than 18,000 children from 70 primary and pre-schools in the Illawarra experienced the wisdom of Healthy Harold with the assistance of three qualified and enthusiastic educators.

BlueScope Steel has sponsored the program since its inception in the Illawarra in 1987.

RECOGNITION FOR FIT TO DRIVE COMMUNITY SAFETY PROGRAM

The Fit to Drive young driver education program was founded in 2002 with the support of BlueScope Steel's Western Port plant.

A community educational program based on peer education principles that train tertiary students to work with senior secondary

students to raise awareness and reduce the toll on young drivers and passengers, the Fit to Drive program has been awarded the TAC (Transport Accident Commission) Inaugural Award for innovation in road safety education. The model is now being developed extensively in other local government areas outside the Mornington Peninsula.

BlueScope Steel's continuing support allows the ongoing development of the local program, which aims to reduce the high number of young drivers and their passengers in road crashes. In 2007 Fit to Drive was part of the Year 12 VCE (Victorian Certificate of Education) program in 133 secondary colleges.

The Fit to Drive model successfully brings together a variety of stakeholders and agencies with an interest in road safety.

WOLLONGONG PERFORMERS SUPPORTED BY PORT KEMBLA STEELWORKS

The City of Wollongong Eisteddfod, operating for nearly 100 years, attracts performers from across Australia. As many as 10,000 performers participate in the gruelling competitions.

BlueScope Steel's sponsorship enables scholarships to be offered in Ballet, Tap, Theatrical and School choirs.

The Eisteddfod assists young people with their ambition to perform at a professional venue adjudicated by qualified judges. Performers have an opportunity to win prizes to use for furthering their careers in the arts.

Eisteddfod is run and organised by a committee of volunteers with help from the community.



Above: Western Port has supported its local community's Fit to Drive young driver education initiative since 2002.

Left: Children from Albion Park Public School in the Illawarra learn about living a safe and health life.

NORTH AMERICA

THE BUTLER MANUFACTURING COMPANY FOUNDATION

In North America, the Company supports our communities through the Butler Manufacturing Company Foundation. The Foundation was established in 1952 as a non-profit organisation to support charitable and cultural activities, and is administered by a Committee of Trustees.

Employees join forces with the Foundation to support three major areas: Caring for our Communities; Supporting the Educational Needs and Dreams of our Youth, and Inspiring Creativity and Appreciation for the Arts.

COMMUNITY SUPPORT – THE UNITED WAY

In 2006/07, employees gave generously within their communities, donating nearly US\$374,000 through the United Way Workplace Giving Campaign. The Foundation supported each local United Way Campaign by donating an additional US\$115,000.

Employees also participate in the United Way's Annual Day of Caring which allows them to contribute to local non-profit agencies and disabled or low-income clients.

This year Butler employees partnered with The Don Bosco Senior Centre to do some heavy ground keeping work for residents served by the Centre. These elderly residents are mostly homebound and physically unable to maintain their yards. Dedicated Butler employees and family members volunteered their time to mow grass, clear brush and other yard waste, and haul tree limbs from the residents' yards.

EDUCATIONAL SUPPORT – BUTLER SCHOLARSHIP PROGRAM

Children of continuous full time employees of the Company are eligible to apply for educational support through the Butler Scholarship Program. Since 1954, the Foundation has helped over 300 children of employees to achieve their educational dream of graduating with a four-year degree. In 2006/07 the Foundation awarded eight new scholarships.

The Foundation also supports educational institutions in our plant communities through grants to local colleges and universities. In 2007, the Foundation committed to supporting the building of a new Community College in Laurinburg, North Carolina, which will provide educational opportunities for employees and residents of the community.

CULTURAL SUPPORT – COMMUNITY ARTS ORGANISATIONS

The Foundation supports a range of arts organisations that have a cultural impact on our local communities where employees reside. In Kansas City, Missouri the Foundation has a long history of providing sustainable support to the arts, including contributing to the recent addition of the Bloch Building gallery at the Nelson-Atkins Museum of Art.

The Foundation has also supported The Creative Centre, a community arts program for disabled adults in Visalia, California and the River City Dance Theatre, a performing arts company for local youth in San Marcos, Texas.

As well as providing funding to major arts institutions, the Foundation offers employees a dollar for dollar matching gift program for qualifying educational and cultural organisations.



At the the City of Wollongong Eisteddfod, Perri Rugg of Illawarra Grammar School sings on centre stage accompanied by Emily Markham (left) of Figtree High School and Danielle Turner of the Illawarra Performing Arts High School.

COMMUNITY CASE STUDIES

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NEW ZEALAND

FRANKLIN CENTRE : A TRIBUTE TO STEEL IN THE COMMUNITY

Franklin District, south of Auckland and home to New Zealand Steel, now boasts a permanent tribute to the Company. The contemporary design of its new cultural centre, Franklin: The Centre, showcases the innovative uses of steel.

From the foundations of 45 tonnes of reinforcing steel, the building also comprises more than 130 tonnes of Steltech beams and 40 tonnes of COLORSTEEL® in the roof. The building also has a steel panel feature, and by product steel aggregate was used for the car park.

The original plans were for the community centre to be built in concrete and timber, but the Franklin District Council recognised the benefits of using steel in its building design.

New Zealand Steel has had an ongoing commitment to the people and the economy

of Franklin for more than 40 years. In 2004, New Zealand Steel formed a Joint Partnering Relationship with Franklin District Council and agreed to work closely together for the mutual benefit of the community.

Franklin: The Centre takes pride of place as a regional centre of information, arts and culture, and our contribution to the building is a further step in our involvement in the region and in the community.

New Zealand Steel is the biggest local industry, and the district's biggest employer.

Franklin: The Centre has also been recognised by the New Zealand Institute of Architects, winning the Community and Cultural category and a Colour award in the 2007 Local Awards for Architecture. The building was also praised for its ecologically sustainable design elements, and for using many green building principles.

NEW ZEALAND STEEL SUPPORTS YOUNG DRIVERS

New Zealand Steel is a major sponsor of a new Rotary Youth Driver Awareness (RYDA) program offering valuable road safety knowledge and experience to young adults gearing up for the first time.

The RYDA program educates Year 11 students about road safety and involves a one day out-of-school program covering topics such as stopping distances, hazard perception and fatigue. Students hear advice from the police and other experts as well as personal stories from road crash victims. The program also aims to help teenagers understand that driving a car comes with responsibilities.

RYDA New Zealand will follow the success of the Australian program, which has helped raise awareness and attitudinal change to reduce injury and fatality on the roads.

BLUESCOPE STEEL CONTRIBUTES TO LOCAL COMMUNITIES AROUND THE WORLD THROUGH COLLABORATIVE PARTNERSHIPS FOCUSED ON NURTURING YOUTH, ASSISTING THE DISADVANTAGED, ENHANCING COMMUNITY FACILITIES AND SUPPORTING ARTS AND CULTURAL ACTIVITIES.

Left to Right: New Zealand's Franklin Centre reflects the stylish beauty of steel.

Lettering at the Franklin Centre sculptured in steel.

President BlueScope Buildings Vietnam Joe Brennan helps deliver material for the rebuilding of homes destroyed by typhoon Xangsane.



ASIA

ASIA'S EMERGING ARCHITECTS WIN SCHOLARSHIP TO STUDY AT RENOWNED SYDNEY DESIGN FIRM

BlueScope Steel Indonesia and BlueScope Lysaght Indonesia, in conjunction with international design firm, Cox Architects and Planners, awarded three emerging architects from Indonesia and Thailand with scholarships to embark on a three-month internship program at the firm in Sydney.

Muhammad Hanif Wicaksono from Jakarta, Donatus Windya Gornito from Yogyakarta and Pichanun Boomprongul from Bangkok were successful in gaining BlueScope Steel scholarships to work and study under internationally-renowned architect, Phillip Cox AO.

The internship program was launched in Indonesia in 2006. The program aims to challenge Asia's young architects to think

about how steel can offer a solution to the region's building and construction as well as environmental challenges. To meet these challenges, flexible, sustainable and cost effective solutions must be found.

Steel is the building material of choice for modern architects as it facilitates speed of construction and design flexibility. BlueScope Steel is committed to supporting the development of Asia's creative young minds to harness the limitless possibilities of steel building materials through this program.

Philip Cox is recognised worldwide for his award-winning designs including the Sydney Olympics Superdome, Sydney Olympics Aquatic Centre, the Sydney Exhibition and Convention Centre, Brisbane Exhibition and Convention Centre, the Shenzhen Aquatic Centre, the Qingdao Olympic Sailing Centre, the Singapore Exhibition Centre, the Bangkok Asian Games Stadium and the Bangkok Asian Games Aquatic Centre.

VIETNAM AIDS TYPHOON VICTIMS

BlueScope Steel and BlueScope Buildings Vietnam and their employees have donated goods and cash to assist local families who lost their homes when Typhoon Xangsane hit Central Vietnam in September.

Steel roofing and cladding materials were donated to over 40 households affected by the storm with a further cash donation provided to help those most in need.

In recent years, BlueScope Steel in Vietnam has supported a number of causes, including emergency housing for Mekong Delta flood victims and the relief effort for Typhoon Chanchu earlier this year.



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